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NOMINATIONS BEFORE THE SENATE ARMED SERVICES COMMITTEE, SECOND SESSION, 100TH CONGRESS

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF

GRANT S. GREEN (JANUARY 28); J. DANIEL HOWARD (JANUARY 28); RONALD F. LEHMAN II (FEBRUARY 1); JACK KATZEN (MARCH 3); WILLIAM LOCKHART BALL III (MARCH 21); GORDON A. SMITH (MAY 13); MICHAEL P.W. STONE (MAY 13); KENNETH P. BERGQUIST (MAY 27); DAVID S.C. CHU (JUNE 24); CHARLES S. WHITEHOUSE (JUNE 24); MILTON L. LOHR (SEPTEMBER 14); KEN KRAMER (SEPTEMBER 23); CLYDE O. GLAISTER (OCTOBER 4); KAREN R. KEESLING (OCTOBER 11); GEORGE L. MONAHAN, JR. (OCTOBER 12)

JANUARY 28; FEBRUARY 1; MARCH 3, 21; MAY 13, 27; JUNE 24;
SEPTEMBER 14, 23; OCTOBER 4, 11, 12, 1988

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NOMINATION OF GRANT S. GREEN, JR. TO BE ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL

THURSDAY, JANUARY 28, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:32 a.m., in room SR-222, Russell Senate Office Building, Senator John Glenn, presiding.

Present: Senators Glenn, Exon, Bingaman, Wirth, Warner, Thurmond, Humphrey and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Andrew S. Effron, counsel; Christine C. Dauth, chief clerk; George K. Johnson, Jr., Ronald P. Kelly, David S. Lyles, Michael J. McCord, Frederick F.Y. Pang, Patricia L. Watson, professional staff members; and Pamela G. Powell, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Phillip P. Upschulte, assistant to Senator Glenn; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Alan Ptak, assistant to Senator Gramm; Samuel J. Routson, assistant to Senator Symms; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR JOHN GLENN, PRESIDING

Senator GLENN. The hearing will be in order.

The committee meets today to consider the nomination of Mr. Grant Green to be Assistant Secretary of Defense for Force Management and Personnel and Mr. J. Daniel Howard to be Assistant Secretary of Defense for Public Affairs. Both gentlemen are here this morning and Mr. Green's wife, Ginger, and daughter, Shelley are with us. We would like to recognize your presence and I understand Mr. Howard's wife, Mary, will be along shortly. So on behalf of the committee we welcome them and welcome you gentlemen to the hearing.

We will proceed this morning by first considering the nomination of Mr. Green and follow with Mr. Howard.

Mr. Green, the committee welcomes you and looks forward to receiving testimony from you regarding your views on the position to which you have been nominated. Before we get into your testimony and our questioning, however, I would like to take a few minutes, and I hope it doesn't take too long, to discuss the scope of responsibilities of the position to which you have been nominated and touch briefly on the major issues I expect will be of immediate concern to the committee.

You and I talked about some of these things privately the other day. I want to get them on the record this morning because our experience on the Subcommittee on Manpower and Personnel has led us into some areas of a very serious concern over the last couple of years. So I want to take a couple of minutes to get these on the record this morning.

The job of Assistant Secretary of Defense for Force Management and Personnel in the Office of the Secretary of Defense is one of the most important in the whole Department of Defense. And I don't think I overstate that one iota because the military personnel account alone for fiscal year 1988 is authorized and funded at $78 billion or 25 percent of the defense budget.

When you include civilian personnel, training and other related personnel support costs, manpower takes up over 45 percent of the defense budget one way or another. So it is important that we have someone at the helm setting priorities and pursuing initiatives to maximize combat efficiency and I stress that. We get so used to dealing in numbers and figures and facts and charts and graphs around here, we lose sight of the fact sometimes that DOD exists for one reason only, and that is somebody may have to go into combat.

Those somebody's are the ones you are going to be dealing with. It will be your responsibility. So the combat efficiency of soldiers, sailors, airmen and marines is what we are dealing with here. From the standpoint of strength levels, the Department of Defense has 2.2 million military people on active duty, 1.7 million in the Reserves, 1.2 million civilian employees and 2.9 million dependents of active duty military personnel to plan and program for, roughly 5 million workers and 3 million dependents.

That is an enormous responsibility. That responsibility multiplies when you add to this the fact that our military personnel are deployed worldwide, roughly 40 percent outside the continental United States.

So I think it is important that the administration is finally getting around to filling this position with a designated appointee.

The last appointee, Mr. Cox, left the position last July and the position has been filled on an acting basis by Dr. David Armor since then. I think Dr. Armor did a good job as caretaker but I am also certain you would agree with me that there can be no substitute for a designated appointee when it comes down to taking control of the many manpower policy issues that require direction.

So I look forward to a rejuvenation of leadership in the office to which you are being nominated as the Department of Defense deals with the many pressing manpower issues it faces in the immediate future. It may be getting into the last year of the administration, but that does not mean that things can just be put off a year to be dealt with.

Let me touch briefly on a few of these issues so you can start thinking about them so that you can give us your views on them later on during the questioning period. First, military manpower strength levels are an obvious concern as we deal with the constraints of the budget. As you may know, the Congress authorized activity duty strength levels in fiscal year 1989 at the fiscal year 1988 levels in anticipation of potential adjustments as a result of the budget summit.

I understand the Department of Defense is considering a reduction in fiscal year 1989 strength on the order of 10,000 for the Army, 20,000 for the Air Force, with some modest adjustments for the Navy and Marine Corps.

We will be looking at this closely because we want to make sure that strength adjustments are based on programmatic decisions and not applied in an undefined across-the-board manner. We come back to combat again, as what we have to consider as the end product.

I think this is important because I believe a smaller combat ready force structure is preferable to one that is larger but hollow. And I trust your office will be looking at this carefully.

Tied to this issue is the issue of officer strength. As you know, the Congress has been concerned about the disproportionate growth in officer strength since 1980. Just to put this in proper perspective from 1980 to 1985, the enlisted strength went up 68,761. Officer strength during the same period went up 31,297. That's about a 2-to-1 ratio. Our normal ratio in the services has been 6½ to 7 to 1, somewhere in that ballpark.

That's the reason we got on this officer strength thing we talked about privately in my office a few days ago. Congress has been concerned about this because the Department of Defense has been unable to justify this growth in any analytically compelling manner. So the Congress mandated a 6-percent reduction in officer strength for the fiscal year 1986 which would put us back at about that 80 percent level.

I have taken a lot of heat on this, including meetings in the tank over there with the chiefs. There have been a lot of scathing remarks about me, my family, personnel background and everything else in all the service papers. I might have to get ready to talk to the public affairs director in a few moments here. I have taken those lumps, but I think they were justified—not they were justified—I think my concerns were justified.

Now, Congress mandated the 6-percent reduction. The Department of Defense took a 1-percent cut in fiscal year 1987 and was to take a 2-percent cut in 1988 and 3-percent cut in 1989. The fiscal year 1988 and fiscal year 1989 cuts were subsequently modified by the Congress such that the Department of Defense could elect to take a 1-percent cut in 1988, which went into effect last year and then take a 2-percent cut in each of the next 2 fiscal years. I note that the Secretary of Defense has chosen to exercise this option.

We look to you to address this issue in hearings this year. I have said repeatedly that I am the last person in this whole world that would want to see any degradation in combat readiness because of these cuts. But to date I have not been convinced that these cuts would have any detrimental effect on combat readiness. I think you need to look at the cuts objectively in the context of overall strength adjustments that you recommended for fiscal year 1989.

I am also concerned about the compensation of our military personnel. The 2 percent military pay raise we authorized for fiscal year 1988 was driven by the budget summit agreement. It was the best we could do under the dollar constraints we had to live with. Unfortunately, the 2-percent raise did not keep pace with private sector wages. So as measured by the employment cost index, military pay is now about 11 percent behind private sector pay.

The dollar squeeze is not going to get any better in fiscal year 1989 but we have to be careful in what we do on this and other issues of compensation and benefits to ensure we do not erode the very real improvements we have made that have contributed to the levels of recruitment and retention we have enjoyed in recent years.

We look forward to working with you on this. Now, with regard to manpower readiness, I remain concerned about the readiness of our Reserve forces, especially Army combat support and combat service support units.

Recent reports we have had on the subcommittee indicate that 55 percent of our Army's combat support and combat service support units are not combat ready.

This leads me to wonder if we have gone too far as Shy Meyer, former Chief of Staff of the Army has indicated—whether we have gone too far, too fast in assigning missions to the Reserves. As an example, the shortfalls in Reserve medical manpower are virtual war stoppers.

Recent figures indicate the Reserves are short 56 percent of general surgeons, 67 percent of anesthesiologists, 72 percent of orthopedic surgeons, 52 percent of operating room nurses, 57 percent nurse anesthetists, those are the shortages, that's not what we have.

In addition, the Reserves are short by 73,000 enlisted health providers and 31,000 nurses.

There has been a shortage for the last few years and we haven't done much about them. And it is something we have to address.

These wartime shortfalls need your immediate attention. I think there are some innovative programs that have been started to correct these problems. We provided compensation and other authorities in the Defense Authorization Act we passed last year to help you work this problem.

It has a top priority as far as I am concerned because it affects combat readiness directly. And I hate to keep using that word over and over, but that's the only thing where our objectives are in this whole effort is to make sure that combat capability is there. I hope you will give this all a priority.

With regard to quality of life, I am concerned about the funding and management of morale, welfare and recreation activities. Last year, at the suggestion of the Committee on Armed Services, the Appropriation Committee repealed a provision in statute that prohibited the use of appropriated funds in support of revenue generating activities in large metropolitan areas. This was done with the understanding that the Department of Defense would refine and implement its plan to operate MWR activities on a more businesslike basis.

I believe this is something that you need to exercise aggressive leadership on because it directly affects the quality of our military personnel and their families.

There are a lot of other issues we will be discussing in the future, I don't want to get into them this morning, but I am sure we will be getting into them and I just wanted you to know I felt these things I mentioned this morning are priority items that you and I have discussed previously, but I wanted to get them on the record this morning as areas of priority.

With that, I want to ask Senator Warner, my distinguished colleague, if he has any comments to make at this time.

Senator **Warner**. I first wanted to congratulate you on the opening remarks, Mr. Chairman, which contained, I think, a framework of the issues that face this nominee and, indeed, the Secretary of Defense and others. It is very well stated, I mean that most sincerely.

Senator **Glenn**. Thank you.

Senator **Warner**. Mr. Chairman, I must join other members of the Intelligence Committee to hear Mr. Webster on the INF Treaty now so I must depart. I wonder if I might ask one question.

Senator **Glenn**. Certainly.

Senator Thurmond, do you have any opening remark?

Senator **Thurmond**. I have no opening remarks. I just want to commend you for your statement in this matter.

Senator **Glenn**. Thank you, sir.

[The nomination reference of Grant S. Green, Jr. follows:]

NOMINATION REFERENCE

Senate of the United States,
December 18, 1987.

(Under authority of the order of the Senate of February 3, 1987)

Ordered, that the following nomination be referred to the Committee on Armed Services:

Grant S. Green, Jr., of Virginia, to be an Assistant Secretary of Defense, vice Robert Clifton Duncan.

[The biographical sketch of Grant S. Green, Jr., which was transmitted to the committee at the time the nomination was referred follows:]

BIOGRAPHICAL SKETCH OF GRANT S. GREEN, JR.

Mr. Green was appointed by the President, January 1987, to the position of Special Assistant to the President for National Security Affairs and Executive Secretary for the National Security Council. Mr. Green directs the NSC Staff in support of the President and his Assistant for National Security Affairs.

Since January 1983, Mr. Green has served in several senior management positions with Sears World Trade. Most recently as assistant to the chairman.

Before joining Sears World Trade, Mr. Green served in the U.S. Army (in the grade of Colonel) where he last held the position of Military Assistant to the Deputy Secretary of Defense. Throughout his 22 year military career Mr. Green served in a variety of infantry and aviation command and staff assignments including tours of duty with the 82nd Airborne Division, the 25th Infantry Division, and the 2nd Infantry Division, where he commanded the 2nd Aviation Battalion. He also served with the 1st Cavalry Division and the 101st (Airborne) Airmobile Division in Vietnam where he commanded an assault helicopter company. Major staff assignments include 5 years on the Army General Staff in the Pentagon and 4 years on the immediate staff of the Secretary and Deputy Secretary of Defense. He is a qualified pilot of both rotary and fixed wing aircraft, including both multi-engine and instrument ratings.

Mr. Green is a graduate of the University of Arkansas (B.A., 1961) and George Washington University (M.S., 1976). He also attended the Army Command and General Staff College and the Air War College. He is the recipient of the Defense Distinguished Service Medal, Defense Superior Service Medal, Distinguished Flying Cross, Bronze Star Medal (2), Army Commendation Medal, Air Medal (14) and several awards from foreign governments.

Mr. Green is married to the former Virginia Dondy. He was born June 16, 1938 in Seattle, WA and currently resides in Alexandria, VA.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee to complete a form that details the biographical, financial and other information of the nominee. The form executed by Grant S. Green, Jr. in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Grant S. Green, Jr.

2. **Position to which nominated:**
Assistant Secretary of Defense (Force Mgt. and Personnel).

3. **Date of nomination:**
December 17, 1987.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
June 16, 1938, Seattle, Washington.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married—Virginia (Dondy) Green.

7. **Names and ages of children:**
Kelley Stumpff (29).
Shelley Thompson (26).
Tana Green (16).

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Yakima Sr. High School, Yakima, WA., 1954–56.
Ft. Smith Sr. High School, Ft. Smith, AR., 1955–56, Diploma.
Univ. of Arkansas, Fayetteville, AR., 1956–60, BA.
Geo. Washington Univ. Wash., D.C., 1973–76, MSA.
Auburn Univ. Montgomery, AL., 1978–79.
Various military related schools, 1960–78.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title description of job, name of employer, location of work, and dates of employment.

U.S. Army, 1960–1983, various command and staff jobs.
Sears World Trade, 1983–1986 (Senior Director, asst. to the Chairman).

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Consultant to DOD 1983–85 (WOC).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Kappa Sigma (Social Fraternity) 1957–present.
Assoc. of U.S. Army (Prof) 1983–present.
Retired Officers Assn. (Prof) 1983–present.
Army-Navy Club 1987.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Reagan-Bush: 1984 $200.
Stan Parris (VA) $100.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Military awards:

Distinguished Flying Cross.
Defense Distinguished Service Medal.
Defense Superior Service Medal.
Bronze Star Medal (2).
Army Commendation Medal.
Air Medal (14).
Several foreign decorations.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None on topics relevant to this position.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

The Secretary of Defense requested that I assume the position.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Several senior staff positions in the Army related directly to manpower, personnel and training issues.

Advanced degree in mgt/administration with emphasis on government operations.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Grant S. Green, Jr.

PART B—FUTURE EMPLOYMENT RELATIONS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's *executive files.]*

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

GRANT S. GREEN, JR.

This 18th day of December, 1987.

Senator **WARNER**. I welcome the nominee and nominees. It is wonderful to see the family of our second nominee has joined us here, Mr. Chairman, and I also see the presence of the wife of the Secretary of Defense. She is very careful about taking care of the family that she has inherited.

One of the areas of difficulty that you will confront in the coming year will be establishing your process of interface with the Office of Assistant Secretary of Defense for Reserve Affairs on matters involving Reserve forces. It has not been made clear who has responsibility for issues such as training of Reserve forces, assignment of commission, and the mix of the Active Reserve forces in the total structure. Do you have any comments on how you propose to do this?

Mr. GREEN. Yes, sir. Let me say that first of all, that assuming I am confirmed, the Office of Force Management and Personnel has a responsibility within the Department of Defense for the total force mix. We very frankly have not done a good job in developing that force mix. As the chairman stated, there are concerns about the readiness of many of the Reserve component units, particularly in the ground forces, and we have got to do a better job within resource constraints of fixing that.

Senator WARNER. I think the answer to the question is you concur in the observation, is that correct?

Mr. GREEN. Absolutely.

Senator WARNER. You are prepared to work with the Secretary of Defense and Assistant Secretary of Reserve Affairs to close that gap and make sure there is a clear line of authority and to the extent possible, integrated authority between the two offices?

Mr. GREEN. Absolutely. Mr. Duncan and I have already spoken about this matter.

Senator WARNER. That's a sufficient answer to my question. Quickly a second one, I join the distinguished chairman and he is a man of courage in many ways but foremost in trying to grapple with this question of the officer-to-enlisted ratios. It seems to me that there is considerable disparity, particularly in the Navy. Do you find that to be the case?

Mr. GREEN. Yes, sir, I do. We have got under way, in fact almost completed, an extensive study of officer enlisted ratios and officer strengths and on the 1st of March we will be prepared to report to the Congress on our findings. The report will be a rigorous look at the way the services develop their officer requirements, the oversight that ought to be exercised by the Office of the Secretary of Defense, officer growth primarily in the 1980–1985 timeframe and the impact of additional officer cuts.

Senator WARNER. I know this Secretary to be a man of courage and hopefully you likewise. Are you prepared to take the action to correct those imbalances?

Mr. GREEN. Absolutely.

Senator WARNER. I thank the Chair.

Senator GLENN. That was absolutely the right answer. [Laughter.]

Senator GLENN. Senator McCain, do you have any opening statement before we get to questions here? I didn't call on you before.

Senator MCCAIN. Actually, Mr. Chairman, I kind of have questions interspersed with my statement so I will wait until it is my turn. Thank you, Mr. Chairman.

Senator GLENN. Senator Bingaman, do you have an opening statement?

Senator BINGAMAN. Not an opening statement, but I do have a question or two later on.

Senator GLENN. Mr. Green, do you have any opening statement? We didn't ask you for your opening statement. Senator Warner wanted to get his question out and I was glad *to comply with that.* Do you have an opening statement?

Mr. GREEN. Yes, sir, I have a short opening statement.

STATEMENT OF GRANT S. GREEN, JR.

Mr. GREEN. Mr. Chairman, I appreciate the opportunity to appear before you and the committee this morning. I know that it is an extremely busy time for the Senate, you have many vitally important and time sensitive issues to deal with but I want to thank you and those on the staff who have been so cooperative in accommodating and arranging this hearing.

I believe you have been provided a brief biographical sketch of my background and I am prepared to answer your questions that the committee might have but I would like to outline briefly—and I think it is very consistent with your opening remarks—what I see as some of the important and difficult tasks that lie ahead for both of us.

In the past 15 years this Nation has developed a system of military service based on volunteerism and individual choice. Although the transition away from a conscripted military force in the 1970s was at times very difficult, the volunteer force as we know it today is one of the great successes of the 1980s.

Through partnership of the Department of Defense and the Congress—and a lot of hard work by many people—we have successfully built a highly motivated military force made up of individuals of unprecedented quality, a true measure of the success of the volunteer force concept. The challenge for the future, however, as you mentioned, is to maintain this quality force, appropriately sized to meet the threat. This will be one of the toughest jobs that we face together and our success will be judged throughout, as it should, by the American people.

Mr. Chairman, the next Assistant Secretary of Defense for Force Management and Personnel will have less than a year to serve before there is a change of administrations, but it will be a vitally important year for the future of our military forces. It will be a year of change, in which defense spending will not grow at nearly the rate experienced in recent years. It will also be a year in which we are expected to modify our reliance on certain types of weapons that have aided in deterring war.

As a result of these actions, as well as others that may follow, we need to take a close and very careful look at the nature and role of our conventional forces, and to a great degree that means a look at people, how we use them and how we treat them.

In accomplishing what we want to do and what we must do in the manpower area, many important and highly emotional issues will have to be addressed or readdressed with increased emphasis. You mentioned many of them. These include the overall size of our military force, the makeup of the total force to include the size of the officer corps; the use and treatment of women in the services; Civil Service simplification; joint service officer issues, specifically application of title IV of the Defense Reorganization Act; and the morale, welfare and recreation of our military and civilian members and their dependents.

It will be during this year of transition and increased competition for fewer dollars that the manpower and personnel concerns of the military services will be most vulnerable. Protecting them will be a significant challenge to all of us who care not only about people but about the Nation's defense and our country's role in enhancing world peace.

Secretary Carlucci places the greatest importance on maintenance of a strong, capable and motivated military force. I share his view. Above all we must remember that people are the backbone of our national defense. When all is said and done, it is not the hardware but, rather, the highly trained and dedicated men and women who will formulate and carry out the plans of protecting this great Nation.

It is our responsibility to see to it that their needs are met, that their morale and motivation remain high and that they are provided the training and resources necessary to carry out their mission.

Mr. Chairman, these are some of the challenges I hope we can work on together in the future. I am open to any further questions you may have.

[The prepared statement follows:]

PREPARED STATEMENT OF GRANT S. GREEN, JR.

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I believe you have been provided a brief biographical sketch of my background I am prepared to answer any questions the committee might have but first, I would like to outline briefly for you what I see as some of the most important and difficult tasks that lay ahead.

In the last fifteen years this Nation has developed a system of military service based on volunteerism and individual choice. Although the transition away from a conscripted military force in the 1970's was at times difficult, the volunteer force, as we know it today has been one of the great successes of the 1980's.

Through the partnership of the Department of Defense and the Congress (and plain hard work by a lot of people), we have successfully built a highly motivated military force made up of individuals of unprecedented quality—a true measure of the success of the volunteer force concept. The challenge for the future, however, is to maintain this quality force, appropriately sized to meet the threat. This will be one of the toughest jobs we together face, and our success will be judged throughout—as it should—by the American people.

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As a result of these actions, as well as others that may follow, we need to take a close and very careful look at the nature and role of our conventional forces—and to a great degree that means a look at people—how we use them and how we treat them. In accomplishing what we want to do and must do in the manpower area, many important and highly emotional issues will have to be addressed or re-addressed with increased emphasis. Some of these include the overall size of our military force; makeup of the total force, to include the size of the officer corps; the use and treatment of women in the services; civil service simplification and reform, joint service officer issues—specifically application of title IV of the Defense Reorganization Act; and the morale, welfare and recreation of our military and civilian members and their dependents.

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Mr. Chairman, these are some of the challenges that I hope we can work on together in the future.

I am open to any questions you may have.

Senator GLENN. Thank you, Mr. Green, good statement. I have a couple of questions here we ask of all nominees before the committee. I will get those out of the way first.

If confirmed, do you agree to respond to all requests to appear and testify before any duly constituted committee of the Congress?

Mr. GREEN. Yes, sir, I do.

Senator GLENN. No. 2, also if you are confirmed, will you and your staff respond to all questions by this committee or any other appropriate member or committee of the Congress in a forthright and expeditious manner?

Mr. GREEN. Yes, sir, we will.

Senator GLENN. Fine. Working on the contentious issue of officer reductions, I touched on in my opening statement, one of the distressing problems the committee had to deal with was the apparent inability of the Department of Defense to speak with one voice on this issue. I got into the manpower justification issue and tried to make an inquiry of the Defense Department. I found out I couldn't get information there, basically, that I needed to do the job we have to do here. And we had to wind up going to individual services and having them come over and meet in the office with us and go back and forth on all these things and get information on a one-on-one basis.

Quite frankly, there was considerable disarray in the way information among the services was represented and we had trouble getting information from a single authoritative source. It seemed in the area of manpower requirements, DOD was more like a rubber stamp than somebody that was trying to adjudicate the differences in what manpower strengths would be in the individual services, particularly in this area of officer strength.

What is your view of the role of the office you are going to be in with regard, first, to the stated requirements of the military services?

Mr. GREEN. Sir, let me say I am certainly well aware of your views and the frustrations that are faced by you and many others in not being able to get coherent answers out of the Department of Defense. I agree that it needs to be fixed.

The officer cuts that were mandated and the ones which have been taken in 1987 and 1988 have gotten people's attention. That may not be the right way to get people's attention but it has succeeded in doing that. Last year the Defense Department or OSD developed an officer requirement study and provided that to the Congress. There was considerable criticism of that report but it was, I think, an honest first attempt.

As a follow-on, there is ongoing, in fact, just winding up, a much more extensive and comprehensive study which will be provided to the Congress. It will deal specifically with the rigor of the service requirements determination process. It will also look specifically at the 1980 and 1985 growth of officer corps which was, as you know, in the neighborhood of 30,000 during those years. It will assess for the Congress the impact of further reductions—the 2 percent in 1989 and 1990 that have been proposed and are still on the books—and it will lay out for the Congress the role of OSD oversight activities and how we propose to improve those to better monitor the development and validation process.

I hope the new report will satisfy the Congress. If it doesn't, we will go back and fix it. I fully realize the Department's responsibility and the responsibility of Force Management Personnel as an office within the Department to oversee those things that the services do in areas such as this.

Senator GLENN. You are going to oversee those stated requirements as they are presented to the Congress, rather than having us dig them out?

Mr. GREEN. Yes, sir.

Senator GLENN. How do you view your role as Assistant Secretary of Defense for Force Management and Personnel in relationship to the military personnel chiefs of the services?

Mr. GREEN. Sir, one of the first things I did when I came to the building a month and a half or so ago was sit down with all the personnel people—all the personnel chiefs of the services, both military and the civilian—and we discussed our relationship.

I feel specifically that relationships need to be nurtured and developed; however, I plan to deal with both the civilian Assistant Secretaries for Manpower and Reserve Affairs as well as their uniformed counterparts.

Senator GLENN. Let me be specific about this. Secretary Carlucci, whom I admire very much and am glad is in the job over there and I know you have had a long relationship with him.

Will you be the ultimate authority on DOD manpower and personnel? Are you going to ride herd on the chiefs?

Mr. GREEN. I will certainly be the ultimate authority in making recommendations to the Secretary of Defense, yes, sir.

Senator GLENN. You are a staff officer, I realize that.

Mr. GREEN. Yes, sir.

Senator GLENN. It is your understanding that you will be the authority with regard to what happens in the various services?

Mr. GREEN. Yes, sir, it is. That is not a question.

Senator GLENN. There will be times when you have budget constraints or policy conflicts. You might have to go against the Civil Service manpower program. Senator Warner's question was one I was going to ask. I assume you are willing to wear the black hat over there if you have to in riding herd on people and making sure things get done properly?

Mr. GREEN. I think some of them already think I am wearing a black hat.

Senator GLENN. I join you. We both have black hats.

One of the most immediate issues is in the officer reduction area. You addressed that a little bit. Have you formed any views, though, on the issue other than the study that is *going on right* now? You mentioned that.

Mr. GREEN. Other than just a gut sense in some specific areas based on my experience in the military, I question—not necessarily the total number of officers required—but possibly how we have some of them distributed by certain skills. I hesitate to say until I see the service rationale in the March report whether their requirements determinations process is a valid one or not.

I just have, as I say, a gut sense that in some of the services that we probably have excess officers in certain areas.

Senator GLENN. Let me say this. I stressed the numbers in my opening remark but I come back to what I also said several times, a combat capability is what this whole thing is all about.

Mr. GREEN. Yes, sir.

Senator GLENN. I am not as interested in dealing with numbers as I am in justification for those numbers. That's where the whole thing came apart before was the numbers had grown so dramatically and so I just questioned the numbers and I thought: Well, the service will be able to justify this. So we asked the Assistant Secretary over there to come over and give us some information a couple years ago and then we wound up without any justification except the services had asked for them.

Then we said: Individual services, what's the justification for this increase in officer strength. We really got a lot of gobbledegook and misleading statements and took some of those on and did some individual staff work. The staff of the Manpower Subcommittee, Fred Pang, and others did excellent work in this area, and some of the things we were being told were flat just not true in those justifications. That's where we dug in our heels and got going on this thing. My time is up so I won't continue with it.

Mr. GREEN. As you are aware, the 1987 study that came over here, as flawed as it may have been, did establish that considerable amount of the officer growth was in the combat and the combat-related areas.

Senator GLENN. Some, but not as much as we were being told.

Mr. GREEN. That's right. Again, hopefully the new report that comes over here in March will show that in much more detail by program elements and really get down into the weeds on what the requirements are and why they have gone up or down.

Senator GLENN. Thank you very much. My time is up on the first round. Senator Thurmond. You are next.

Senator THURMOND. Thank you very much. We are glad to have you with us, Mr. Green. I congratulate you on your appointment and expect we will have you confirmed.

I am very concerned about the health care in the military. The skill and medical personnel as shown by the pages quoted by the chairman a few moments ago makes it increasingly difficult to provide quality health care and much less adequate combat medical readiness for our personnel.

For instance, I know a doctor in our own city, Bethesda, he had the reputation of being one of the finest neurosurgeons in the country. I don't mind calling his name, Dr. Harris. I understand he is expected to retire next year. He can probably make three or four times in civilian life what he is making here but I believe he could be persuaded to stay if they could get some help.

Some time ago I was told that he was treating a patient and after he saw the patient, he would spend one-half hour in his own hand writing, writing notes that he should have given a secretary to do in 5 minutes. Now, if you can save the time of a very valuable neurosurgeon by giving him a secretary, it seems to me it ought to be done or maybe she could serve several people. He is not complaining, I am just telling you a fact that I picked up.

Mr. GREEN. I understand.

Senator THURMOND. I suggest you look into it. I understand, furthermore, I believe his wife may have cancer or some rare disease and he couldn't even take her in a hospital out there. She has had to go to a civilian doctor, costing him $400 or $500 a month. Unless we treat these military people with more respect and more consideration, it is going to be more difficult to maintain medical personnel and other personnel too.

Mr. GREEN. Yes, sir.

Senator THURMOND. Would you look into this situation?

Mr. GREEN. I certainly will, sir. As an ex-military person, I know how important military medical care is, not only during peacetime to military families, but how important it is in wartime.

And I fully understand the problems that we have right now, particularly with the critical skills that the chairman mentioned. There are some initiatives ongoing in that area to help fix some of these problems.

With the help of the Congress, such as by lifting the ceiling on medical bonuses, there is work being done now in the health affairs area to develop a comprehensive plan for allocation of increased incentive pay to various medical skills. Hopefully that will help some.

I don't think we are ever going to be in a position, and I don't want to speak for the health affairs side, but I don't think we are ever going to be in a position to be totally comparable across the board with the private sector in the medical area but there are some things I think we can do that will make that area more attractive as well as put us in a better position in a war-fighting sense.

Senator THURMOND. Here is a man who is outstanding in his field, outstanding in his ranks, one of the finest in the Nation. I have known several people he has performed operations on and he is having to spend one-half hour after he sees his patient to write up notes. That doesn't make sense to you, does it?

Mr. GREEN. No, sir, it doesn't. I will look into that.

Senator THURMOND. If a secretary could be gotten for maybe two or three doctors there, maybe she could handle several, but these doctors like this man who makes $700 an hour and to have him doing secretarial work is ridiculous.

Mr. GREEN. I will certainly bring this to Dr. Meyer's attention.

Senator THURMOND. If you could follow through on that. Sometimes we have people coming up here and saying they will look into it, and that's the end of it. I know you will do what you say but somebody has to follow through and see that things are done. I don't know whether you are the man to do that but you could assign someone to do it.

Mr. GREEN. Yes, sir.

Senator THURMOND. To see that the situation is remedied. I want to help these military people. I want them to stay in service and get the right medical service. That means a lot. That's one of the reasons for staying in the service.

And if we can give them a little more consideration and a little more assistance, I think we can hold a good many of them but I have gotten that complaint now from several but I mention his name particularly because he is known all over the Nation as an outstanding man.

Mr. GREEN. Yes, sir.

Senator THURMOND. I don't have any other questions at this time.

Senator GLENN. Thank you. Senator Bingaman.

Senator BINGAMAN. Thank you very much, Mr. Chairman. Welcome and, of course, I join with others in complimenting you for taking this job. I look forward to working with you.

Let me ask a question. You mentioned in your statement many important and highly emotional issues that need to be addressed and one of them that you cite is Civil Service simplification and reform.

One of the recommendations the Packard Commission made was that we expand the alternative merit-based civilian personnel management system that they had at China Lake and apply that to acquisition personnel as well as to scientists and engineers and in that way try to deal with the problem of losing good people in that area, the inability to attract good people in those fields.

Are you familiar with that recommendation and do you have any general views on it? And I have a followup question.

Mr. GREEN. Yes, sir, I am. And let me say that the Department of Defense supports Civil Service reform but I think that the realities of the situation are that we are not going to see a full Civil Service Simplification Act passed.

There are too many competing and diverse ideas. What we would like to do is to reach some accommodation and be able to apply the elements of CSSA in the Department of Defense. Where we are on that right now is that Mr. Carlucci and Mr. Taft and myself met with Ms. Horner and she has agreed to come with the Deputy Secretary and Jim Fletcher over here to talk about whether there isn't something we can do to make some progress at least in those two agencies, DOD and NASA.

Whether we are able to restrict it or focus it on scientists, engineers and acquisition people, I don't know, because the administration is concerned that it apply across the board, but we are very concerned about those three areas. We are concerned about a lot of areas. Those happen to be three that bubble to the top.

The meetings over here will pretty much determine what the next step is but we feel very strongly that this is the most important civilian personnel issue on our platter and we are going to have difficulties downstream if we don't do something.

Senator BINGAMAN. I am encouraged by that. As you may know or may not know, Senator Quayle and I introduced a bill, S. 1477, which was really prepared with the help and instigation of David Packard and his panel. We introduced it last July.

We have run into the problem that the Office of Personnel Management has taken the view that it doesn't solve the whole problem, therefore, we shouldn't deal with it. And that's, of course, one of the arguments that is always trotted out whenever you propose anything out here, if it doesn't solve all problems, it is not worth doing.

I would very much appreciate it if you would look at that bill and if there are ways that you can help us move that forward or suggest changes that would make it possible to move it forward. I think something needs to be done in this area and I agree with you that we are not going to solve the whole problem and if we wait until we come up with a solution to the whole problem, we are just going to keep waiting. And I would be very anxious to get your help on that.

Mr. GREEN. We are singing from the same sheet of music.

Senator BINGAMAN. I appreciate it very much. That's the only questions I have.

Senator GLENN. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman, and Mr. Green. I would like to congratulate you on your appointment. It is obvious that you are extremely well qualified and we place great hopes on your performance and your ability to address some very crucial issues that members of this committee and members of the personnel subcommittee have been wrestling with for a long time.

Mr. Green, I would like to be specific and to reiterate what the chairman said. We have been unable to get a meaningful briefing from any of the services, or from OSD, as to how they are going to comply with legislation sponsored by Senator Glenn and Senator Wilson.

Frankly, as a former military person, I find that almost disgraceful. I find it appalling that we are unable to get a straightforward briefing as to what the plans are to implement a piece of legislation which has been in existence for 2 years. The Chairman of the Joint Chiefs of Staff informed me in a private conversation the other day he views this as one of the No. 1 issues that faces the military.

I have asked for briefings from the various services since we couldn't get anything out of OSD. I have been unable to get that. I continue to hear rumors that accessions are being cut and I continue to hear rumors that in order to come in compliance that combat units, particularly in the case of the Marine Corps, may be reduced. If any of those rumors are true, you are going to run into a fire storm over here.

As you and I know, there are people in the Pentagon who are colonels and captains in the Navy who just carry papers from one office to another. We know there are headquarters organizations which had justification for coming into being many, many years ago, sometimes as far long ago as World War II, but still remain in existence.

You are going to have to convince the Congress that you have taken every step necessary to reduce those unnecessary, of even less critical headquarters organizations, before we cut into accessions and/or combat units.

Along these lines, I hope we will find some reductions in the officer strength within the Pentagon. I think you would agree that the most disappointing or demotivating part of most officers-careers is being assigned to the Pentagon. Let's try to do them a favor, as well as comply with this regulation, and try and keep as many of them out of the Pentagon.

I would appreciate it, as part of your study, if you could tell us the increase in the officer assignment to the Pentagon that has taken place over the last 5 to 10 years. I was pleased to hear you assure the chairman you are working on a comprehensive study. Could you tell us when the committee could expect to receive that?

Mr. **Green**. Sir, that study is due to the Congress the 1st of March. Obviously we will be happy to brief it to anyone, you or the staff or any member of the committee.

There is another thing I didn't mention until you raised it and that is headquarters reductions. One of the first things the Secretary of Defense did when he arrived was direct that a survey be done of some of these headquarters that you are alluding to—some of the ones that have come into existence in past years, but yet today may well have functions that duplicate other headquarters or may not be necessary. This is a very intensive survey of certain headquarters. I can't tell you the exact date that that is to be completed but it is very, very soon—it may even be as early as the middle of February that the Secretary will receive a report on this.

Senator **McCain**. Let me remind you, I am sure you already know it, that there are billets which can be civilianized. I am told there are a thousand Air Force finance officers, I don't mean to pick on the Air Force, it may be the same with the Navy.

Mr. **Green**. There are a thousand Army finance officers also.

Senator **McCain**. Those jobs, among others along those lines, could be civilianized. I am also concerned, as I am sure you are, about seeing so many of these patterns reported. I guess if you live long enough, you are going to see everything happen again, and again. We have on several occasions since World War II, an exodus of pilots and we have got to try and address this issue before the exodus begins, rather than wait until some of our finest and most talented young men and women leave for the airlines and then try and do something about it.

Mr. **Green**. Yes, sir, the Air Force, as you may know, is completing their pilot retention study and looking at a number of things such as bonuses, fly-only jobs, increased service commitment for flight training and so on. That report will be out shortly and they are looking seriously at bonuses for their shortage pilots. I think you already know what the Navy does.

Senator **McCain**. I would also like for you to provide me with the details of the command arrangement for the Seals, and the legal and operational rationale for any steps the Department has taken. Mr. Green, I have read the legislation of the Goldwater-Nichols Defense Reorganization bill. It clearly states in that legislation that the Seals will remain under operational control of the U.S. Navy. I know that some are trying to change that administratively.

I don't want to have to address the issue legislatively, and I would be more than happy to receive testimony on this issue in committee hearings, or as part of our readiness hearings as we go through the coming year. At the same time, I think it is a violation of the law to take the steps I understand are not only being contemplated but being implemented.

I hope you will be able to respond to what I have said in a timely fashion. I know that you have a great burden, but if we are going to maintain or improve relationships between this committee and the Pentagon, I think you can play a key role by being as forthcoming as possible and responsive as possible.

I have every confidence that you will be and I look forward to working with you.

Mr. **GREEN**. Thank you, sir.

Senator **GLENN**. Thank you. Senator Exon.

Senator **EXON**. Thank you very much. I can't tell you how pleased I am with the nomination. And I think you have all of the background and experience to do an outstanding job. I support your nomination to the fullest and wish you well.

There are two or three things. Some of them are mundane but all have contributed, I think, a great deal to the morale of our military personnel. Keeping that morale high will be the ultimate challenge, I think, in the position you are undertaking.

Are you familiar with the act that was passed by the Congress providing to members of the Selected Reserve commissary benefits for 14 days per year rather than just 14 days of which they served on active duty? Are you familiar with that?

Mr. **GREEN**. I have seen the exchange of correspondence, yes, sir.

Senator **EXON**. That has been extremely well received by the Reserve components which, as you know, play such a key role in our defense of the future, far more important than ever previously.

Since I was the introducer of that legislation, I have received some correspondence from individuals, especially from Naval Reserve people, that claim that they have been side tracked in their efforts to take advantage of this benefit. They seem to have fallen through the crack, so to speak. As I understand it, their reason that they were not given the privileges they are entitled to was bureaucratic mix-up or improper management or not caring.

I just wanted to mention that to you and have members of your staff make a note of that.

Mr. **GREEN**. Yes, sir.

Senator **EXON**. I think it is a critical thing to the Selected Reserve and the commitments we have made to them. I know that the administration supports this proposition now. I would just hope that you would have some of your subordinates take a look-see of that and make sure that, with the proper paperwork, that you are interested in seeing that carry forth objectively and I will stop receiving letters of complaints. These might be isolated examples I have heard about.

I am not saying it is not being implemented sincerely but that at least we have on record some individuals that claim that they were not or did not receive this benefit, although they went through the proper procedures to obtain the authority to do so. So if you would take a look at that.

Mr. Green. I certainly will.

Senator Exon. The other thing I would like to ask you about is do you have any firm opinions on the ongoing problem regarding the difference between certain Governors and the President regarding the training of the Guard outside of the territorial limits of the United States? Do you believe that the present system suffices under present conditions?

Mr. Green. Sir, very frankly, I am not familiar with the details with what that authority is. It falls primarily under the purview of the Assistant Secretary for Reserve Affairs, but I will certainly raise it with him.

Senator Exon. I have had a difference of opinion on this with the administration and with the National Guard Association generally on this particular matter. As a former Governor, I have not taken the side of the Governor because I think by and large the Governor, some Governors, at least, do not have a full understanding and appreciation of the roles the National Guard plays. I think that the Commander in Chief must have the authority to direct the National Guard to go wherever the Commander-in-Chief feels is necessary for training purposes in defense of the national security interest of the United States. So if anything, I am on the side of the President on this particular matter. I am not suggesting that you launch into any full investigation of this. I am mentioning it only that I am fearful that in the future we are going to have more difficulties with lawsuits with Governors ordering their troops to stay home when ordered overseas for training, particularly it raises hassles when we get into Central America. Some politics are played with this issue, I am sure. I don't intend to pursue this matter to any great degree except I am watching it. I don't think we have done the right thing up to date.

You have plenty to do, don't spend a lot of time on this but I want to mention it in the back of your mind to have your staff keep a tab of this because it could be a problem sometime in the future I want to work with you on.

My last question is with regard to some, a number of calls we have had from citizens who are upset about the $6.5 or $7.5 million in the continuing resolution passed last fall which provided leather jackets for Air Force aviators. I understand the Navy does give leather jackets to their aviators at the present time, so to make everybody happy, $7.5 million was appropriated to make the Air Force aviator equal to the Navy aviator. More of that rivalry we have all of the time.

Are you familiar with this problem? What should I write back to my constituents saying: You are wasting money, Senator, by voting for the pending resolution that gives away leather jackets when they aren't an integral part of our national defense establishment.

Mr. Green. I am familiar with the initiative in the Air Force to issue flight crew members leather jackets. I hope it helps pilot retention. If it could do that for $100, we probably will have made some progress but I am only that familiar with the issue to that degree. It was before my time when this proposal was developed and the Air Force proposed it and it got into the budget.

If something as little as $100 jacket keeps pilots happier in the Air Force, it is probably pretty cheap but I can see where your concerns come from when someone picks up on something like that.

Senator **Exon**. This is typical of the problems that those of us who are for a strong national defense have in selling a strong defense. You are for a strong national defense also, I know. We bumped into these things and $7.5 million, if you reduce that to $100 a pilot, that doesn't sound very much. Seven and one-half million dollars is still $7.5 million and in these times of budget restraints, I am not sure that it was a wise thing to do as were so many things that were packed into that continuing resolution.

So if you come up with a good letter I can write back to the people who are writing me on this, I would appreciate your helping me out. What I am worried about is if this kind of excuse is being given, the next thing you will know, the U.S. Marines will want a football team and we Nebraskans simply think that cannot be.

Mr. **Green**. I think the Marines probably have a few football teams around but, you know, I am sure that knowing the way the services operate in these areas, that this decision is tied very closely to the morale and the prestige of the pilots and navigators and that somewhere there was hope that this would help with retention—as small a gesture as it may be.

Senator **Exon**. Could you spare an extra hundred to help retention of those of us in the U.S. Senate? I believe I would be more inclined to run if I had that $100 leather jacket. Thank you, Mr. Green.

Senator **Glenn**. In commenting on the leather jackets, I saw that with considerable interest and they had 10,000 jackets, at $200 each, which I thing is a more realistic price than the $100, you were quoting, would be $2 million. I don't know where the $6 million you were quoting came from.

I suppose somebody can go through and pick out different things in apparel or equipment that is furnished to people and make a similar case in lots of different areas of equipment and I don't know, I think we ought to leave it up to the services as to what they think they have to have but I question that also.

I can assure you when the Marines start recruiting football teams, we are going to come out to your area of Nebraska to look for some of the people too.

Senator **Exon**. That's exactly what we are afraid of.

Senator **Glenn**. Thank you, Senator Exon. The total force policy, total force concept is one we have been operating on for some time. Major portions of our activities are given over to the Guard and Reserve with the idea that they will be ready.

And we are depending on that and yet we found that, as I mentioned in my opening statement, that some of these things have not occurred to a degree we thought they should have occurred. I personally have experienced 3 years now of pointing out these problems, having learned a little about them. We still have the same shortages in the same problem areas, particularly in the medical support areas that Senator Thurmond commented on and that I commented on in my opening statement.

I don't know what we do about this. We either have to make it work or change the total force concept a little bit to put the jobs where we are going to be able to have people to do them. And I don't have the answer to this but I know it is a major problem.

I know if we went to war, I won't repeat some of those percentages I gave you in my opening statement about where we are but if I am going to be shot at in combat, I figure that I need to have some medical personnel backing me up in case I get hit. If I am not going to have that and I know I am going to lay out there and bleed to death someplace, that comes closer to being a war-stopper to me than anything else. I am not going to be very willing to get out there and get shot at and neither is anybody else.

The whole total force concept we have talked about, was put into place in the early 1970s. To my knowledge, there have been very, very few if any adjustments made since it was put into place. We figured, okay, here are the percentages, we put them out there, we hope the whole thing works. Well, there are some areas it does not work as well as it has worked in other areas. I am not proposing to undo this whole total force concept and start any move in that direction, but we either have to have these critical areas filled in and filled by Reserves, filled by Guard or if we can't do that, then they have to be brought back into the regular establishment.

I mentioned earlier Shy Meyer, who was Chief of Staff of the Army, raised some very serious questions about this before he left office. And I share his concerns about this. Those concerns were expressed, his concerns were expressed 2 years ago, and I think we were looking into the problem the year before that.

So I think it is time we got on with that. I hope that one of your early efforts over there will be to try and define where we go with the total force concept and whether we need modifications to it, in the combat support, combat service support areas and the medical. Those are the three areas where we really are deficient. That's really more of a statement than a question.

So if you have any comment on that. I know we discussed this previously in my office and I hope you are going to look at that and take a long hard look at it and make whatever recommendations you can.

I know it is a year off when we are going to have a change of administration to somebody, whoever it is, but there will be a change of administrations. I know we are on a short leash here but I hope you don't let this go. I don't want to see this go on to a fourth and fifth year. If we get into combat, and we get back to combat capability again, this is going to be critical.

Mr. **Green**. As you say, it ties into the whole problem that we have in maintaining a combat effective force. And as I said before, we have not done a very good job in defining the total force, in screwing it down so that we know what kind of Active and Reserve units we really need. We base that too much on cost and we have got to look at productivity or combat effectiveness.

There are some things being done in the medical area, primarily in establishing a reserve medical recruiting program. The Army, for example, in the next couple of years will have 20 regional training areas throughout the country where they will be able to train reserve maintenance and medical personnel which hopefully will help alleviate some of the problem. There are also, as you know, some other initiatives in the student loan repayment area and training stipends.

It is a tough area, but I agree it is one that we haven't given enough attention to. We talk total force but nobody really can define it very well and we haven't done a good job in breaking it out between civilian, Reserve components and the Active Forces. So it is an important issue and it is one that we will continue to look at, hopefully better than has been done in the past.

Senator GLENN. Thank you very much. There is no objection that I am aware of to your appointment. I wanted to flesh out some of these things this morning. I appreciate your being here and I appreciate your willingness to meet with me the other day to discuss some of these things in advance.

Mr. Green, Ginger, we are happy to have you with us this morning, and Shelley, glad to have you with us this morning.

There may be other questions that the other committee members may wish to address to you in writing. If they do, fine. If they don't, I am hopeful when the whole committee meets later today on some other business, we may be able to vote this out and vote both nominations out.

We are going to have to break for a little while. All that buzzing going on means we are now halfway through the voting period over on the floor and so I have to go over and vote and come back, so we will stand in recess for about 10 minutes until I get back.

I thank you for being here this morning and we look forward to you really getting going over there and helping us work to take care of some of these problems. I think too often the press views us as all confrontational across the river here. We have to work together on these things. I pledge to you today here that is exactly what we will do from this side.

Mr. GREEN. I will pledge to you that we will do the same.

Senator GLENN. Thank you very much. We will stand in recess for 10 or 15 minutes. You can go. There will be no more questions of you, Mr. Green. We will get to Mr. Howard when we get back.

[Thereupon, at 10:35 a.m., the committee proceeded to other matters.]

[The nomination of Grant S. Green, Jr., was reported to the Senate by Senator Sam Nunn on January 29, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on February 2, 1988.]

NOMINATION OF J. DANIEL HOWARD TO BE ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS

THURSDAY, JANUARY 28, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:45 a.m., in room SR-222, Russell Senate Office Building, Senator John Glenn presiding.

Present: Senators Glenn and Exon.

Staff present: Arnold L. Punaro, staff director; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Andrew S. Effron, counsel; Christine C. Dauth, chief clerk; David S. Lyles, Frederick F.Y. Pang, Patricia L. Watson, professional staff members; and Pamela G. Powell, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon, and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT OF SENATOR JOHN GLENN, PRESIDING

Senator GLENN. The hearing will resume. The committee welcomes you and your wife, Mary. We are glad to have her here this morning also. And we look forward to receiving testimony from you regarding your views on the position for which you are being nominated.

I note from your biographic sketch you have had rather extensive experience in various public affairs positions in Government, leading to your present position as Special Assistant to the President and Deputy Press Secretary for Foreign Affairs in the White House.

I also note with interest you got kicked out of Poland some years ago. In 1982, I understand you were expelled from Poland when you served as Cultural Affairs Officer in the U.S. Embassy. And I don't know whether we congratulate you or what on that, but we would like your comment on that in your testimony as to what the circumstances were.

Mr. HOWARD. I will accept the congratulations.

Senator GLENN. You certainly appear to be well qualified for appointment to the position you are being nominated and I know of no reason why you should not be confirmed.

Public access to accurate and timely defense information is absolutely essential in our form of Government, and helps us to work the will of an informed public then because we all serve along with the sufferance of the people of this country, not the other way around. I know there are times when national security considerations require classification of certain information, and I have no trouble with this as long as it is not abused.

In times past we have seen efforts perhaps to cover things up which were not good. And they have occurred in defense as well as other operations of Government and in this administration as well as in other administrations. So it is something I think we have to be continually on alert to prevent.

I make this point not because I have indication that there has been anything recently that I know about but only because I know security review of Department of Defense materials and public releases, including testimony before congressional committees, will be a major responsibility of the office to which you are being nominated.

So I wanted to hear your views on this later in your testimony.

Senator Exon, do you have any opening statement?

Senator EXON. No, I have no opening statement. I want to welcome you here, Mr. Howard, and I enthusiastically back your nomination from the President for this important post and I will give it my enthusiastic support, second only to the enthusiastic support that it will receive from Senator Glenn.

And I say that because although Senator Glenn did not mention it, I noticed and I know that he noticed in your biographical information that you were once a U.S. marine.

Senator GLENN. Don't hold that against him.

Senator EXON. I do not hold that against you at all and I am certain that the chairman does not hold that against you. Notwithstanding that, you have an excellent biographical background here and I want to tell you that we are always pleased to see people with your background and education and experience coming into the Department of Defense. I will ask you some questions here about some things that you will be facing, I think, in this.

Thank you, Mr. Chairman.

[The nomination reference of J. Daniel Howard follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
December 19, 1987.

Ordered, that the following nomination be referred to the Committee on Armed Services:

J. Daniel Howard, of Tennessee, to be an Assistant Secretary of Defense, vice Robert B. Sims, resigned.

[The biographical sketch of J. Daniel Howard, which was transmitted to the committee at the time the nomination was referred follows:]

BIOGRAPHICAL SKETCH OF J. DANIEL HOWARD

July 1986 to present: Special Assistant to the President and Deputy Press Secretary for Foreign Affairs, The White House, Washington, D.C.: Provides support on foreign affairs to White House Spokesman Marlin Fitzwater and serves as spokesman for the National Security Council.

August 1985 to July 1986: Public Affairs Advisor, Bureau of East Asian and Pacific Affairs, Department of State, Washington, D.C.: Received Superior Honor Award for performance in association with the Philippine crisis.

June 1982 to July 1985: Public Affairs Officer, U.S. Embassy, Nicosia, Cyprus: Received Meritorious Award for performance associated with the hijacking of TWA Flight 847 in July, 1985.

August 1981 to May 1982: Cultural Affairs Officer, U.S. Embassy, Warsaw, Poland: Declared persona non grata and expelled from Poland during the period of martial law and the associated deterioration of relations between the United States and Poland.

August 1977 to June 1980: Press Attache, U.S. Embassy, Tokyo, Japan: Worked with Commerce Department running large scale public affairs effort directed at dealing with growing bilateral trade deficit.

August 1975 to August 1977: Director, Sapporo, Japan, American Center.

March 1974 to August 1975: Language Trainee, Yokohama, Japan.

October 1972 to August 1973: Foreign Service Officer Trainee, Washington, D.C.

1968 to June 1971: Field Representative, American Red Cross, Denver, Colorado.

Education: B.A. University of Chattanooga, 1968; M.A. University of Tennessee, 1972.

Military: U.S. Marine Corps, 1961–65, Overseas (Japan).

Personal: Married to the former Mary Ruth Elam of Knoxville, Tennessee, three children.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by J. Daniel Howard in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR–228

Washington, DC 20510–6050

(202) 224–3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
J. Daniel Howard.

2. **Position to which nominated:**
Assistant Secretary of Defense (Public Affairs).

3. **Date of nomination:**
December 19, 1987.

4. **Address:** (List current place of residence and office addresses.)

Residence: [Nominee responded and the information is contained in the committee's executive files.]

Office: Room 174, OEOB, The White House, Washington, DC.

5. **Date and place of birth:**
August 24, 1943, Chattanooga, Tennessee.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married. Mary Ruth Elam.

7. **Names and ages of children:**
James, 17; Jennifer, 14; Laurel, 10.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
University of Tennessee, 1971–72, MA (History).
University of Chattanooga, 1965–68, BA (Philosophy).
Keyes High School, Keyes, Oklahoma, graduated 1961.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

I have been a career officer in the Foreign Service for the past 15 years, employed by the United States Information Agency and serving in the following assignments:
Deputy Press Secretary for Foreign Affairs, The White House, 1986–87.
Public Affairs Advisor of the Bureau for East Asia and Pacific Affairs, Department of State, Washington, DC, 1985–86.
Public Affairs Officer, U.S. Embassy, Nicosia, Cyprus, 1982–85.
Cultural Affairs Officer, U.S. Embassy, Warsaw, Poland, 1981–82.
Press Attache, U.S. Embassy, Tokyo, Japan, 1977–80.
Director of the American Center in Sapporo, Japan, 1975–77.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.
MG Car Club.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.
None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.
None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.
None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.
Superior Honor Award, Department of State, 1986.
Meritorious Service Award, United States Information Agency, 1985.
Blue Key, Honor Fraternity, 1968.
Phi Alpha Theta, History Honor Fraternity, 1968.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.
None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.
None.

17. **Selection:** (a) Do you know why you were chosen for this nomination by the President?

I was chosen on the recommendation of Secretary of Defense Frank Carlucci based upon my performance as spokesman for the National Security Council.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe that my 15 years experience as a government spokesman in difficult assignments qualifies me.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: J. Daniel Howard.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or

acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government, or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse have ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which, you, your spouse or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal Income tax return for each of the past 10 years? If so, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to the Senators and the staff designated by the chairman. They will not be made available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 24th day of December, 1987.

J. DANIEL HOWARD

Senator **Glenn**. Thank you. We have two questions we ask of all nominees. I think you heard them before when I asked Mr. Green these same questions.

Mr. Howard, if confirmed do you agree to respond to all requests to appear and testify before any duly constituted committee of the Congress?

Mr. **Howard**. I will do so.

Senator **Glenn**. Second, also if you are confirmed, will you and your staff respond to all questions by this committee or any other appropriate member of the committee of the Congress in a forthright and expeditious manner?

Mr. **Howard**. Yes, we will.

Senator **Glenn**. Thank you. Mr. Howard, in my opening statement, I remarked on the responsibility of the office to which you are being nominated for the security review of DOD materials for public release, including testimony before congressional committees.

Will you give us your views on the policy you intend to follow in carrying out these responsibilities?

STATEMENT OF J. DANIEL HOWARD, TO BE ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS

Mr. **Howard**. Senator, we will expeditiously examine any piece of material requested by the Congress and the declassification procedure will be carried our rigorously in accordance with the established procedures.

Throughout my carreer I have objected repeatedly to the classification of a document simply to prevent embarrassment to one of the, either the drafter or the people that he is writing about, and in my view documents should only be classified in accordance with the legislation with the law in keeping with the national security requirements of the United States and that is the only justification for withholding declassification of a document.

Senator **Glenn**. Do you have any impressions now about any changes you might want to make or do you have any new concepts you are going to bring into office over there?

I guess what I am really asking you is do you view yourself as a caretaker where you just continue things as they are or do you have some new ideas on how you would like to operate that office?

Mr. **Howard**. I certainly don't view myself as a caretaker. I have never viewed myself as a caretaker in any position I have held.

More importantly, the Secretary of Defense does not view himself as a caretaker. When he was being considered for his present position, I urged him to look at the matter of his spokesman because if he were going to be anything more than a caretaker, he needed someone who knew him and could speak for him. The next thing I knew, I found myself asked to be that person. I don't think Frank Carlucci plans to sit back and wait the next 12 months out and I don't plan to either, Senator.

Senator **Glenn**. That's good. We have so many things we need to work on together as is always the case with regard to DOD and we look forward to working together on that.

A different area. The Stars and Stripes daily newspaper is operated under a DOD charter, prohibits sponsoring commands from withholding news except when national security or the safety of service members is involved. There have been allegations by some employees and former employees that the charter has been violated because some commanders have prevented publication of news regarding the incidence of AIDS among service personnel, black marketing of controlled goods, civil unrest in host nations and other things that were deemed to be command sensitive, as they were termed, or potentially embarrassing news.

As a result of these allegations and at the urging of Senator Proxmire, the Congress included a requirement in fiscal year 1988 and 1989 DOD Authorization Act for DOD to conduct a study and report on the allegations. My question is are you aware of this requirement, I might get your views on it, and what do you consider to be the role of your office in monitoring the activities of the operations of Stars and Stripes and other service publications?

Mr. HOWARD. As you know, Senator, the GAO is charged with carrying out that study and they have already begun it. I understand that part of their team is meeting with Mr. Rizer, the Director of the Armed Forces Information Service today in Alexandria. A part of the team is now in Germany looking at the European edition of the Stars and Stripes and another part of the team is probably in Japan, Tokyo, looking at the Pacific edition of the paper.

I think that certainly it is within the purview of the Congress to look at this issue and to look at it very closely. It is something that perhaps should take place from time to time to reinforce all concerns, including military commands, that the function of the Stars and Stripes publications and of the Armed Forces Information Services to assure free flow of information to our servicemen overseas.

And that, as you stated at the beginning, the only justification for withholding any information from that press is the national security or the safety of troops, no other justification can be used.

Senator GLENN. Well, I agree with that and I think any time a commander out in the field starts withholding information, he needs to remember that sometimes that newspaper or local news media, whether it be a radio station, paper, or whatever, while it may not be smart sometimes for the local commander to let certain things go out, that, nevertheless, those conduits for news to the American citizens who are there, be they service personnel or not, they have that right to get straight news like anyone in this country does.

And it can't be under a censorship gag or a censorship restriction by the local commander and still carry out what we see to be a free press in this country. Free press applies in the military as well as other places unless it has those two restrictions on it.

Mr. HOWARD. The situation is analogous to a city mayor calling up a local newspaper and saying: You can't tell my city employees about this, it is embarrassing.

Senator GLENN. Or a Governor of Nebraska.

Senator EXON. Let's not get controversial. [Laughter.]

Senator GLENN. Senator Exon.

Senator Exon. Mr. Chairman, thank you very much. I have no basic questions with regard to the position you are assuming. You obviously, as I said earlier, have outstanding qualifications and I see no difficulty at all in your nomination.

For my information and if I can impose on the chairman for a brief few moments on a regulated matter, I noticed with great interest that in August 1985 to July 1986 you were the Public Affairs Advisor for the Bureau of East Asian and Pacific Affairs, Department of State, and received a superior honor award for performance in association with the Philippine crisis.

I have just returned from several very intensive days there in the Philippines. I tried to bone up on what the situation was there and what it is likely to be in the future.

I had some concern about the strength of the insurgency, extreme difficulties that President Aquino and her Government faces about the obvious division politically in that country today. There has been some falling away of some of the political support that boosted President Aquino into office. Last but not least, I was surprised by the continued preoccupation with nuclear-free zone concept. That was much more than I had anticipated when I made this trip to the South Pacific. That trip included Guam, the Philippines, Australia and New Zealand. The topic came up in conversations with members of the Senate of the Philippines, including the president of that body. I believe they have 24 in their Senate, is that correct, in the Philippines?

Mr. Howard. I believe that's correct, Senator.

Senator Exon. Half of them, including the president of the Senate whom I visited with, have recently signed a letter or some kind of a written statement supporting the nuclear-free zone concept which I understood was approved as part of their constitution at the same time that President Aquino was elected.

This individual and others that I talked to were the half of the Senate that said they are going to go for the antinuclear provision and see that it is enforced. As I understand it, from layman's terms, not being a lawyer, that it is, indeed, spelled out in their constitution. But out there in layman's language it also says that if the President of the Philippines decides it is not in the national security interest of the Philippines, it may be waived.

Can you give me a thumbnail sketch as to how you view the situation there given your background and experience in this? And do you share my concerns that there may be more difficulties there in a whole series of areas than we fully realized? Last, and I am going to cover this at some length, John, in my report to the committee on our trip, I believe that we stand guilty of some neglect in the South Pacific, including the Philippines, with our preoccupation with the hot spots of NATO, Persian Gulf, the Mideast generally and, of course, in Central America.

What's your overall thumbnail sketch of the problems and how we are doing there?

Mr. Howard. Well, Senator, I would not categorize myself as being an expert on the Philippines. I am a close observer of the Philippines and have been for much of my career, which began, as you may note from my biographical background, my first service overseas was in Japan.

Three years of the 7 that I spent there was spent working for a former member of this body, for Senator Mansfield, and a frequent thing to which he refers very frequently is that Asia is the, that the next century is the century of Asia, of the Pacific basin, and he has stated many times and feels that the United States and Western Europe concentrate too much of their attention on NATO and on the West and far too little upon Asia. I agree with the Senator in his conclusions on that point.

I think that our relationship with the Republic of the Philippines is going to require a great deal of attention and a great deal of care over the next several years. The government, President Aquino is faced with extraordinary challenges; none of those challenges should she have to meet alone. She has to have the support of the friends and allies of the Philippines.

I believe that our Government has to do everything it can to help, but, essentially, the problem is one that the Philippine people themselves will have to resolve to get their economy going again, to build confidence in their government, to convince their people that opportunity does lie ahead for the Philippines and not to despair.

I think President Aquino has done an extraordinary job given the challenges that she has faced since she came into office. And it is my fervent hope and I think the hope of any American and of any Philippino who is interested in the future of these two countries and their relationship in Asia, that we cooperate together in facing those challenges.

Senator EXON. Would you comment a little bit on the nuclear-free zone concept that I found running rampant?

Mr. HOWARD. I find the nuclear-free zone very disturbing. As you know, this issue was at the root of difficulties which we have seen over the past few years in our relationship with New Zealand.

And those who move quickly to endorse such a scheme like this in the southern Pacific nuclear-free zone in my view have not sufficiently examined the ramifications of the actions that they are taking. It creates enormous complications for the United States.

And with our "neither confirmed nor deny" policy with regard to the presence or absence of nuclear weapons, we cannot offer the reassurances that are demanded under the terms of these nuclear-free zones, even when it would be in our interests, even when we could assure the country concerned that we have no nuclear weapons there.

Senator EXON. Thank you, Mr. Howard. I have no further questions. Thank you, Mr. Chairman.

Senator GLENN. Thank you, Senator Exon. I said earlier I want to find out a little bit more about how you got kicked out of Poland. What was the situation there?

Mr. HOWARD. It was a very difficult period in Poland's post-war history. Most of Poland's post-war history has been difficult, but as you may recall, Senator, in August 1980, in the city of Gdansk, an organization called Solidarity was born.

I went to Poland, frankly, kicking and screaming. I considered myself to be a first-class press officer and I was pretty proud of my performance in Tokyo in a difficult time with the relations at that country, trade issues that were still with us, but I couldn't find another job in my agency and they insisted I had to go someplace and be a cultural affairs officer. I thought if I had to get my ticket punched, what better placed than Eastern Europe, so off I went to Poland.

Two weeks after I accepted that assignment, reluctantly, Solidarity was born and it began to look more interesting. I studied Polish for a year and went there in August 1981 and, indeed, it was interesting. It was fascinating seeing a country blooming, opening up again. The newspapers were beginning to look like real newspapers with critical articles of their government and the like.

The rose was not fully opened, though, when this all came to an end. In December 1981, the Polish Government declared martial law and everything went dark. All the people that we had been able to talk to were either in jail or out of a job. And there were only a couple of us in the Embassy who still had Polish friends to talk to.

I was a cultural affairs officer. I visited all the universities. I met with members of the intellectual community, playrights, movie directors and the like and so I went out to do my job the next Monday morning and got arrested the first time. It seemed that the Polish police did not want me talking to movie directors and university professors any more.

I recovered from that experience and a couple of months later I was out with another member of this body, Senator Larry Pressler, and got arrested again under very difficult circumstances. I apparently didn't learn very much from that experience because 2 months later I was out doing my job again, traveling around the country, talking to people. The Poles say they don't have freedom of speech but they have freedom of conversation and we were conversing.

I hadn't a single underground contact; these were all people I was supposed to be talking to and we were talking to one another about the things that we should have been talking about.

And a colleague of mine and I called on two elderly professors with the Polish Academy of Sciences in their apartment, we were discussing the visit to Poland by a representative from the National Science Foundation and 11 rather large, burly gentlemen opened the door and said everyone was under arrest. I reached for my ID card and I said in Polish that we are American diplomats. One of the gentlemen yelled the word "broni", which is the equivalent of "he has a gun." They picked me up and carried me across the room, spread-eagled me and searched the two of us, held us for about 1½ hours, photographed us with various underground publications that they found in the apartment of the professors and threw us out.

Two days later we were or, rather, I guess it was the next night I was watching the evening news, having been arrested twice before I didn't expect anything to come of this, but when the newscaster came on with my photograph as the background for the evening news, I had a feeling that I knew how the story was going to come out. [Laughter.]

And my family and I packed up everything we owned, we pulled our children out of school and we left Poland and we left Poland with a great sense of sadness, leaving many friends and leaving the responsibilities which we had there. It was really a heart-wrenching experience. I spent a total of 8½ months in Poland after preparing for the assignment for a year. It was the most vital period in my entire life, in my career and I wish I could repeat it.

Senator GLENN. You were in Cyprus, you helped in the TWA flight 847 hijacking. What was the situation there?

Mr. HOWARD. Well, we had gone through a relatively quiet——

Senator GLENN. I don't know whether you are a lightening rod or not. I may not want to get close to you.

Mr. HOWARD. My wife has occasionally suggested this. We went to Cyprus thinking it would be a very, very quiet, sleepy assignment. After 6 months in paradise, I figured out how Adam and Eve got in so much trouble, but we had difficulties in a country nearby and during my 3 years in Cyprus, the two embassy explosions took place, the marine barracks disaster, and the capstone was my last 16 days in Cyprus were spent at the airport working on the TWA 847 hijacking.

The first day they released 19 elderly, mostly elderly ladies, almost all of whom still had loved ones on the aircraft. They released them in Beirut, put them on a plane to Cyprus, so we spent a lot of time debriefing, holding hands, reassuring these ladies before they moved on to Paris. And then over the ensuing 2 weeks, something like 500 American newsmen arrived. Things became so overblown that two of the networks went together and hired a 747 and flew in a satellite base station because the other network had already bought up the local one and seven of the other hostages were released due to medical problems and the like, released through Cyprus and I was the guy on the spot who tried to make it work, keep it from turning into a riot and get these people moved in to their homes, to their loved ones.

Senator GLENN. I notice you got a meritorious award for all that. You have had a very unusual background, a lot of experiences and I gather you are still conversant in Japanese as well as Polish.

Mr. HOWARD. (Japanese spoken.) Yes, sir.

Senator GLENN. I was curious about what your plans are. Do you consider yourself a permanent FSO, eventually career-wise or public affairs or newspaper man or what are your career intents?

Mr. HOWARD. I don't have any newspaper background at all, I have never been a newsman, don't have any ambitions in that area. I have been a career foreign service officer for most of my working life. Under the terms of the Foreign Service Act of 1980, this is regarded as an assignment, but it does have a catch to it. At the end of this assignment, if the foreign service chooses to find another job for me within 90 days, fine. If not, I am automatically retired.

Senator GLENN. I see. I was not aware of that. Any further questions?

Senator EXON. No further questions. Please don't be embarrassed by the fact that you were arrested in a foreign country, I can tell you you should not, Mr. Howard, because if all of the U.S. marines who have been arrested in foreign countries were dismissed from the service, we wouldn't have a Marine Corps. You come by all that naturally. [Laughter.]

Senator GLENN. Mr. Howard, thank you. There may be other questions. Does staff have any other questions?

Mr. PUNARO. I have an announcement relative to the committee budget which was passed out at the beginning of this morning's proceedings. The chairman intends to bring up at the next meeting when we have a quorum the committee budget for 1988 that has been made available to members and staff to review the nominees that appeared this morning and other routine pending military nominations.

Senator GLENN. What is the plan for the next meeting?

Mr. PUNARO. We have hearings tomorrow morning at 10 with Dr. Harold Brown, one tomorrow afternoon at 2 with Ambassador Jean Kirkpatrick. We also have a series of hearings next week. If at one of those meetings we have a quorum of 11 Senators, these matters will be raised and hopefully moved on.

Senator EXON. Could you briefly outline what the committee budget is?

Mr. PUNARO. Yes. The committee budget for 1988 is essentially a hold-the-line budget. The only increase is for the 2 percent cost of living for salaries which was included in the budget summit; so we are essentially operating with the same number of people and at last year's level—the only increase is the 2 percent code.

Senator EXON. And I believe that complies with the request of this and other committees?

Mr. PUNARO. Yes, sir. That's the guidelines we received from the Rules Committee. And unlike some other committees in the Senate, the Armed Services Committee always operates lean and mean with a very small staff, and a very small total amount of the budget.

Senator GLENN. This is the commercial you are getting.

Mr. HOWARD. Yes, sir.

Senator EXON. Be sure and put that on the record. Thank you. Speaking very seriously, I think staff does an outstanding job and we don't give you accolades as much as we should. I am certain that the recommendations that the chairman is making will be promptly approved when we have one of those informal get-togethers. Thank you very much.

Senator GLENN. Mr. Howard, thank you. Mrs. Howard, thank you for being here. We look forward to getting you nominated.

[Thereupon, at 11:15 a.m., the committee adjourned.]

[The nomination of J. Daniel Howard, was reported to the Senate by Senator Sam Nunn on January 29, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on February 2, 1988.]

NOMINATION OF RONALD F. LEHMAN II, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY POLICY

MONDAY, FEBRUARY 1, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in room SR-222, Russell Senate Office Building, Senator Exon, presiding.

Present: Senators Exon, Glenn, Shelby, Warner, Thurmond, Quayle, and McCain.

Staff present: Carl M. Smith, staff director for the minority; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Milton D. Beach, assistant to Senator Glenn; Leon Fuerth, assistant to Senator Gore; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Henry D. Sokolski, assistant to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; and Alan Ptak, assistant to Senator Gramm.

OPENING STATEMENT BY SENATOR J. JAMES EXON, PRESIDING

Senator EXON. The committee will please come to order.

The committee will meet today to consider the nomination of Ambassador Ron Lehman II, of Virginia to become the Assistant Secretary of Defense for International Security policy. Ambassador Lehman is well known to this committee, of course; although, when he served on the staff of this committee, I do not think he was called Ambassador very often. Some other titles, yes, but Ambassador, I suggest no. Since leaving our committee's staff, Dr. Lehman has had an outstanding career, first as Deputy Assistant Secretary of Defense and then a director of Defense Programs and Arms Control on the National Security Council staff and then as Deputy Assistant to the President for National Security Affairs, and then as First Deputy and then Chief U.S. Negotiator on Strategic Nuclear Arms at the nuclear and space arms talks with the Soviet Union in Geneva.

With that listing, I think there is no doubt that Ambassador Lehman is uniquely well qualified for the position to which he has been nominated and I intend to urge speedy and favorable consideration by this committee and by the Senate as a whole.

Dr. Lehman, it's a pleasure to welcome you here today. I don't think there's any question that you are one of our most esteemed and successful "graduates." Back at the time when I first knew you, when you were a valuable staff member of this committee, we kind of considered you one of our own. We are just delighted to invite you to offer any opening remarks you care to make, and then there will be some questions by members of the committee.

[The nomination reference of Ronald F. Lehman II follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
January 27, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Ronald F. Lehman II, of Virginia, to be an Assistant Secretary of Defense, vice Richard N. Perle, resigned.

[The biographical sketch of Ronald F. Lehman II, which was transmitted to the committee at the time the nomination was referred follows:]

BIOGRAPHICAL SKETCH OF ROANLD F. LEHMAN II

Ambassador Ronald F. Lehman II is the U.S. Chief Negotiator on Strategic Nuclear Arms at the Nuclear and Space Arms Talks held with the Soviet Union in Geneva. Formerly, Ron Lehman served as Deputy Assistant to the President for National Security Affairs (Defense Policy), Deputy U.S. Negotiator for Strategic Nuclear Arms, Special Assistant to the President for National Security Affairs, and Senior Director for Defense Programs and Arms Control on the National Security Council staff.

Dr. Lehman participates in the U.S. interagency and NATO policy processes, testifies regularly before the U.S. Congress, and has served as a Senior Advisor to the U.N. Special Session on Disarmament and as a representative to the U.S./U.S.S.R. bilateral discussions on nuclear proliferation. More recently, Dr. Lehman was a representative to the U.S./Soviet talks on Direct Communications Links which led to an agreement to upgrade the Hotline and was a member of the U.S. Delegation to the January 1985 arms talks held with the Soviet Union in Geneva.

Before going to the White House, Dr. Lehman was a Deputy Assistant Secretary of Defense responsible for arms control and nuclear forces policies. Previously, he was a member of the professional staff of the Committee on Armed Services, U.S. Senate, where he prepared legislation, conducted investigations, and reviewed ongoing programs and activities in the areas of weapons procurement, research and development, and arms control.

Over the years, Ron Lehman's official responsibilities have involved him in significant arms negotiations and international meetings in Geneva, Vienna, and Moscow, at the North Atlantic Council, the NATO High Level Group, and the NATO Special Consultative Group, and in talks with government officials around the world including the NATO countries, Eastern Europe, the Vatican, the Soviet Union, Japan, South Korea, Southeast Asia, and the People's Republic of China.

Ron Lehman came to Washington in 1974 as a Public Affairs Fellow of the Hoover Institution on War, Revolution, and Peace at Stanford, California, worked as a legislative assistant on Capitol Hill, and in 1980, served with the Office of Policy Coordination of the Office of President-elect Ronald Reagan. Ron Lehman achieved the rank of major in the U.S. Army Reserve, is Airborne qualified, and served in combat in the Republic of Vietnam. He has taught graduate level courses on arms control at Georgetown University.

Born in Napa, CA in 1946, Ron Lehman graduated from Claremont Men's College in 1968 and received his Ph.D. in Government from the Claremont Graduate School in 1975. Ron Lehman and his wife, Susan Elizabeth Lehman, reside in Arlington, VA.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the

advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Ronald F. Lehman II in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question numbers (i.e. A-9, B-4) to which the continuation of your answer applies.

Part A—Biographical Information

Instruction to the Nominee: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name**: (Include any former names used.)
Ronald Frank Lehman II.

2. **Position to which nominated**:
Assistant Secretary of Defense, International Security Policy.

3. **Date of nomination**:
January 27, 1988.

4. **Address**: (List current place of residence and office addresses.)
Residence: [Note: Nominee responded and the information is contained in the committee's executive files.]
Office: S/DEL, Room 1206, Department of State, Washington, DC.

5. **Date and place of birth**:
March 25, 1946; Napa, CA.

6. **Marital Status**: (Include maiden name of wife or husband's name.)
Married; Susan Elizabeth Young (Lehman).

7. **Names and ages of children**:
None.

8. **Education**: List secondary and higher education institutions, dates attended, degree received and date degree granted.
Claremont Men's College, Claremont, CA. 91711; 1965-1968; B.A.
Claremont Graduate School, Claremont, CA. 91711; 1968-1969; M.A.
Claremont Graduate School, Claremont, CA. 91711; 1971-1975; Ph.D.

9. **Employment record**: List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

April 1986-present—Chief U.S. Negotiator for Strategic Nuclear Arms, Department of State; Washington and Geneva, Switzerland.

March 1985-April 1986—Deputy U.S. Negotiator for Strategic Nuclear Arms, Department of State; Washington and Geneva, Switzerland.

February 1986-April 1986—Deputy Assistant to the President for National Security Affairs (Defense Policy), The White House, Washington, DC. (Admiral John Poindexter).

May 1983–February 1986—Special Assistant to the President for National Security Affairs and Senior Director for Defense Programs and Arms Control, National Security Council staff, Washington, DC. (William Clark, Robert McFarlane).

January 1982–May 1983—Deputy Assistant Secretary of Defense, International Security Policy, Washington, DC. (Richard Perle).

December 1978–January 1982—Armed Services Committee, U.S. Senate, Washington, DC. (Rhett Dawson).

10. **Government experience**: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

From 1976 to 1978 worked in offices of Senators Dewey Bartlett, William Scott and James A. McClure.

U.S. Army Reserve, 1968–1985, reached rank of major in Military Intelligence Branch, served in Republic of Vietnam, 1970–1971.

11. **Business relationships**: List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Georgetown University, CSIS, Washington, DC.; Adjunct Professor (On leave).

12. **Memberships**: List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

International Institute for Stragetic Studies (London), member.

13. **Political affiliations and activities**:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for past 5 years.

None.

14. **Honors and Awards**: List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Undergraduate: James Madison Society Fellow 1965–1968, Claremont Mens College.

Graduate: National Security Education Fellow, Colorado College, 1976 NDEA Title IV Fellowship, Claremont Graduate School, 1969, 1972.

Postdoctoral: Public Affairs Fellow, The Hoover Institution on War, Revolution, and Peace, Stanford, 1975–1976.

Military medals: Bronze Star, Army Commendation Medal, Campaign and Service medals, Airborne Badge.

Public medals: DOD Distinguished Public Service Medal, 1983.

15. **Published writings**: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

The Strategic Arms Reduction Talks: A Treaty Takes Shape, "NATO Review" August 1987 pp. 19–23; "U.S. Nuclear Deterrence Policy," Book Forum Vol. VI No. 3, 1983 pp. 306–315; "Industrial Preparedness: A Congressional Perspective," Defense Management Journal Vol. 18, No. 1, 1st Quarter 1982, pp. 7–13; "NATO Modernization," The U.S. Role in a Changing World Political Economy: Major Issues for the 96th Congress, Joint Economic Committee, Congress of the United States, U.S. Government Printing Office, June 25, 1979, pp. 261–275.

16. **Speeches**: Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevent to the position for which you have been nominated.

Current speeches retained in committee files.

17. **Selection**:

(a) Do you know why you were chosen for this nomination by the President?

I was the choice of the Secretary of Defense.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Academic, military, legislative, executive branch experience including negotiations with the Soviet Union and allied governments. Served previously as Deputy Assistant Secretary in same organization.

18. **Commitment to testify before Senate committee:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?
Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Ronald F. Lehman II.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The Committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the Chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

RONALD F. LEHMAN II.

This 27th day of January, 1988.

STATEMENT OF RONALD F. LEHMAN II

Dr. **LEHMAN**. Mr. Chairman, I appreciate your very kind remarks, but you know what they say about people who can't keep a job. I don't have any prepared remarks, but I would like to make just a brief statement.

I'm very honored to be here before this committee, more honored, I think, than most people, because this committee has been such an important part of my life. Whatever contributions I may have made in the last 6 years are directly attributable to the experience and knowledge I gained in the previous 6 years in association with this committee.

I'm looking forward to working with the committee. My new job involves broad and important responsibilities that will require the assistance and aid of the Congress, and in particular, of this committee. My only regret is that I will be leaving the START negotiations in Geneva. I am pleased that I will be succeeded there by Ambassador Read Hanmer, who is a superb negotiator and that we have a very fine START negotiating team in Geneva.

There has been a great deal of attention to our success in negotiating the INF Treaty and in that context many people have failed to notice that, in fact, we have made considerable progress in the strategic arms negotiations. Much work remains to be done and there is no guarantee that we will conclude a treaty in the near-term, but there is that possibility. We have an extensive agreed joint draft text in Geneva and it records our considerable achievements: the limit of 1,600 on strategic nuclear delivery vehicles, 6,000 deployed nuclear warheads and a very important sub-limit of 4,900 on deployed ballistic missile warheads. Because, remember in 1982 the U.S. Government set as a goal, the limit of 5,000. We exceeded that goal.

Under this treaty, we would reduce heavy ballistic missiles, heavy ICBMs by half, to 1,540 warheads, a considerable achievement. And, ballistic missile throw weight will be reduced by 50 percent. But, there are important issues and central to all of this will be an effective verification regime. And, we look forward to working with the Congress and with the committee to guarantee that when it is concluded, the START Treaty is a treaty that is truly in the interest of the United States.

With respect to my new responsibilities, I don't need to tell you that there are important issues in this area. In everything I do, whether it be our conventional force modernization with NATO, alliance cooperation, burdensharing, or modernization of our deterrent, these are all important areas that involve important decisions this year, and I look forward to working with the committee and with you individually. Thank you, sir.

Senator **Exon**. Dr. Lehman, thank you very much. There is a standard question, that I think that you may recall, our asking those who come before us for confirmation. I understand that you have answered this question previously in the hearing, but just for the record, let me set it straight. Do you agree, that if approved for the position for which you have been nominated, that you will freely come before this committee when asked and respond to questions from time to time, as we decide?

Dr. **Lehman**. Absolutely.

Senator **Exon**. Let's follow-up on the important matter of the INF Treaty that you had a key part in playing. We're now in the process of extensive hearings on this from the perspective of the

Armed Services Committee. I would like to have your response as one of the key negotiators to this committee, to a wrinkle or a potential problem that has arisen, with regard to not being successful in the elimination of warheads and guidance systems. Some have expressed concern that these are not destroyed, and the charge seems to have this backup that the Soviets have put something over on us, that while these warheads are being removed, they're not being destroyed and the indication has been that this is a key fault of the treaty.

Early on, I got the impression that you and the other negotiator were fully aware of this and that this part of the treaty was certainly not anything that the Soviets "put over" on us. Rather, if anything, it was where we are the ones that possibly most directly benefit from not destroying warheads and guidance systems. Could you expand on that?

Dr. LEHMAN. Mr. Chairman, I would be glad to. You can't be accused of failing to achieve something you never set out to do, and let me say that the objective of destroying the nuclear explosive devices was something that neither we nor the Soviet Union originally set out to do. In both START and in INF, we were trying to reduce or eliminate the ability to launch deployed warheads, and we placed a premium on limiting the warheads themselves, rather than simply the launchers, but by the warheads themselves, we meant the ability to deploy and to launch those warheads.

This is why we insisted on an accountable warhead ceiling in START and why we have had this approach of eliminating the ability to deploy warheads in INF, but let me explain that with respect to the question of what is a warhead, there seems to be some semantic confusion and the confusion arises out of the everyday use in English of the word "warhead." Sometimes the word "warhead" is used to mean the explosive device and certain electronics associated with it that are all on the inside of what we sometimes also call the "warhead" which is either the front-end of the missile, as in the case of ground launch cruise missiles, or the reentry vehicle, as in the case of ballistic missile warheads.

We never have proposed and remember, we've been nogotiating for many many years, that the actual physics package and associate electronics on the inside would be eliminated. We have only proposed that the ability to deliver these components be eliminated. Now, very late in the negotiations in INF, as you will remember, the question arose of the Pershing 1-A missiles and the warheads for the Pershing 1-A missile that were American warheads under a NATO program. As part of a compromise with the Soviet Union on that issue, it was agreed that when those warheads were released from the program of cooperation, they would be dealt with in the same way as other warheads, but what that meant was that this outer shell, the front end, would be destroyed and the physics packages would be removed, and so I think that we can't be accused of having failed to achieve something that we never set out to do.

Now, people have suggested that this creates the potential for circumvention or that it is not in the national security-interest of the United States. Our problem is that we had not proposed and do not propose and do not know how to verify the production of the warheads themselves. If, by that you mean these explosive devices, that goes well beyond the scope of the INF Treaty and in addition, as you know, we have our own reasons for why we would not want to go through the very costly and difficult process of dismantling and destroying those particular nuclear devices. And, I think this committee is well aware of the history of that issue.

So, in summary, we achieved what we set out to do and we protected the national security interest of the United States.

Senator EXON. Dr. Lehman, yes, I think you are correct, that this committee knows and probably understands better than most the problems that we are dealing with here. But I would like to have you tell us for the record once again because I think this is a critical story that must be gotten out. I listened very carefully to your reply. I agree with everything that you said. We are in the proposition of selling ratification of this treaty to the U.S. Senate and to the people of the United States as a whole. Could you, within the confines of the security clearance that we are talking about here, and I don't basically see where there would be any, what is meant in layman's language by the advantage to the United States, or at best a neutral advantage between us and the Soviets on this issue as to why it is not critically important for the destruction of the warheads themselves and the guidance systems. After all, this is basically a treaty to eliminate INF weapons, as held by the United States and the Soviet Union.

Dr. LEHMAN. There are two components here. One is the question of the Soviet threat and the other is the question of the Amercan deterrent. Now, with respect to the Soviet threat, our thrust was to get a handle on the problem of deployed warheads, the ability to deliver them in the manner provided for by the systems in question, in this case the SS-4s, SS-5s, SS-20s, SS-23s, et cetera. The approach that we have taken throughout these negotiations was to—the preferred approach was to eliminate the ability to deliver warheads by that means, and I think that we have been quite successful in our efforts to do that.

The Soviet Union has a massive capacity to produce explosive nuclear devices. If we get them to dismantle certain nuclear devices; if they were prepared to agree to that, in a way you are only dealing with a very small fraction of their inventory, whose size we don't know precisely, and a small fraction of what they produce at any given time. They don't have quite the type of environmental and political constraints as the United States and they have the ability to force upon their society levels of a defense burden that we ourselves would not do.

And so, from the point of view of the threat, we do not see any great advantage in this. We just did not see how it helped, from the point of view of our deterrent forces. As you know, our ability to produce special nuclear materials is limited and our supply is limited. We are in the midst of a modernization program that requires not only the replacement of older systems, but the repackaging of material to provide for the modernized newer systems and in any such process, there's always a certain amount of requirement for additional new material. Taking that all into account, it was our view that it was not in our interest to eliminate this material. In addition, there were security considerations. As you know, we are involved in more intrusive inspection regimes in INF than have ever been seen before, and I can assure you that when START comes, it's going to be even more intrusive.

But there is a question of how much further can one go in the near term, and obviously, the types of measures that would be involved in the actual dismantlement and effective elimination of nuclear materials, could get into very sensitive areas. And so, as we did this net assessment, we came to the conclusion, when this issue came up at the end, and I remember it only came up at the end, that this was not in our interest and frankly, I think the Soviet Union had the same view, that it was not in their interest. It just would have made the INF Treaty incredibly complex and beyond what was necessary for the purposes of that particular treaty.

Senator EXON. I think in the end this whole issue might prove a springboard for better understanding in the United States and among the people at large of the significant problems we have right now to produce the various components of nuclear weapons to keep our system modernized and up to date, to say nothing about the multibillion dollar problem that faces us right now, with regard to the cleanup of the nuclear waste that we have around right now. We need to focus on the serious problems that we have with the production of materials that we need for the national defense. I think this might be a springboard for better understanding and a little more sympathy among the people at large when they learn the full-scale costs of the matter that we are embarking on at this time, basically through congressional action. I would be pleased to call on Senator Warner.

Senator WARNER. Mr. Chairman, I would like to defer to my coleagues. I stepped out for a moment.

Senator EXON. I'm trying to follow the early bird rule. I think under the early bird rule, switching from side to side, it would be proper for me to call on Senator McCain.

Senator MCCAIN. Thank you very much, Mr. Chairman. I welcome Dr. Lehman, who I have had the pleasure of knowing for I believe around 10 years. You certainly come to your position eminently qualified and I would be pleased to be as supportive as possible of your nomination to this very important position, recognizing, as I'm sure you and I both do, that you've got a tough act to follow, but certainly your previous service, both here and in the Congress, as well as the many other posts you've had, I think make you eminently qualified and I'm certainly pleased to see a person of your qualifications and calibre assuming this very important position.

Dr. Lehman, do you feel that there is, or is it your belief that there is a significant conventional imbalance between NATO and Warsaw Pact?

Do you believe that before a START Treaty is negotiated that conventional imbalance needs to be addressed?

Dr. LEHMAN. I believe that it should be addressed as soon as possible, immediately if that could be done, but it can't be. I think that we must continue the battle to improve our conventional defenses and to get our allies to improve our conventional defenses. I do not believe that a START Treaty should be held up, as we address the conventional balance.

I think that if the START Treaty is in the U.S. interests, in and of itself, then we ought to go ahead with it. If it is not, then we ought not go ahead.

Senator McCAIN. If it leaves us with significant conventional imbalance and a dramatically reduced strategic capability—I take it that many of these weapons will be done away with as a result of START—were not excess inventory, aren't you concerned about the position that leaves us in and NATO?

Dr. LEHMAN. Senator McCain, when we entered the INF and START negotiations, we entered them with the intent to enhance the nuclear component of our deterrent, to enhance stability and not simply to create a burden upon our conventional forces. If a treaty has that affect, then I think one should be very suspicious of it.

Senator McCAIN. Well, I'm just not sure of how you can accept the fact if, indeed, in your opening statement that we have a significant conventional imbalance and then proceed with the treaty which would reduce our strategic retaliatory capability, and not almost have to be part and parcel of that sum agreement to redress the significant conventional imbalance that most of us believe exists.

Dr. LEHMAN. I understand, Senator McCain, but my assumption is that any START Treaty, just as in the INF Treaty, is going to require reductions in the Soviet nuclear forces, as well, and we have insisted and we will continue to insist that it must do so in a manner which enhances stability. To the degree that certain Soviet nuclear programs have been very threatening, very coercive and potentially destabilizing, we expect that any arms control treaty we sign will make that better, not worse.

I know a lot of people have focused on the reductions in INF and noted the tremendous asymmetry in reductions that will take place under INF. It is not quite clear from the framework of the START agreement that is emerging, that there will be asymmetrical reductions in START, as well, with the greatest reductions taking place in Soviet forces, and in particular, in the most threatening Soviet forces: their fast-flying ballistic missiles, their ICBMs and their heavy ICBMs.

And so, my view is that we need to do more to address the conventional imbalance, not because of arms control, but because we're neglecting the conventional imbalance. But, if we should sign a treaty, that, in essence, increases the burden on our conventional forces, and then I think that would be a mistake.

Senator McCAIN. Do you agree that or do you believe that there have been significant and important violations by the Soviet Union, of both Salt II and ABM?

Dr. LEHMAN. Yes, I do.

Senator McCAIN. Would you think it would be proper then for those of us that share that view to do what we can to make sure that there is no further Soviet violations of the INF Treaty, i.e., some mandated response on the part of the United States to continue for serious violations of the INF Treaty?

Dr. LEHMAN. Senator McCain, would you repeat the last part of that? I missed it.

Senator **McCain**. Do you believe it would be appropriate to be included in this treaty, either as a reservation or an amendment, some kind of mandated response on the part of the United States to repeated and/or serious violations of the INF Treaty?

Dr. **Lehman**. I think this is something that perhaps we could discuss in its specifics. I do not believe that the INF Treaty needs to be amended and I think we have done an excellent job in negotiating this treaty, but obviously the question of compliance is one that requires the closest cooperation between the executive branch and the legislative branch. As you know, if we don't speak as one voice, and if we don't act decisively, then it is very difficult to enforce compliance, and so I would be prepared, as I know Secretary Carlucci is prepared, to work with the members of this committee and with the Congress as a whole on exactly that issue.

Senator **McCain**. I'm sure my time has expired, Mr. Chairman, but let me just say what concerns a lot of us, Dr. Lehman, is that the ABM Treaty is blatantly being violated, at least in my opinion, the SALT II Treaty has been continuously, and yet we have a situation that exists where we not only don't respond to those violations, but we are required by act of Congress, not the executive branch, but by act of Congress to strictly adhere to the provisions of those treaties. It seems to me that that is not an acceptable situation, and may require, and I emphasize, may require at least some reservations being added to this treaty to preclude the likelihood of the unhappy situation being repeated.

Dr. **Lehman**. I understand your concern, Senator McCain, and clearly the administration has made clear its view that it would have preferred that Congress had been more receptive to its program of programmatic and policy responses to Soviet noncompliance. But, I think your message is understood and we simply have to work together to strengthen the effectiveness of the U.S. Government on the compliance issue. You're absolutely correct.

Senator **McCain**. Thank you. Thank you, Mr. Chairman.

Senator **Exon**. Thank you. Senator Shelby.

Senator **Shelby**. Thank you, Mr. Chairman. Dr. Lehman, you said that you didn't think the INF Treaty should be amended, that's your statement a minute ago. What type of steps should we take in the event that the Soviet Union significantly violates the treaty? What if we don't have a trigger in the treaty? What do we do then? Do we do just what Senator McCain eluded to, just keep on adhering to the treaty, or do we have some escape route?

Dr. **Lehman**. Senator Shelby, on that question, let me emphasize something. The question of military significance relates to the question of risk. But, if we discover a violation of the treaty, I don't care if it's minor or not, it's a violation of the treaty and we ought to take it up with the Soviet Union and get it resolved.

The issue of military significance has to do with the possibility that there's something out there that is happening that we don't know about and in evaluating those risks, I think you have to take into account a number of factors, on a case by case basis. I think it clearly would be wrong to sort of say, well, if the Soviet Union only violates the treaty by x percent, why that's okay. It's not okay.

But, if they are violating it by x percent and you don't know about it, what is the military risk? A lot has been made of the fact that the INF Treaty only deals with a small percentage of the Soviet force structure, that's true, and so there is a sense, if I could use the expression, from the point of view of a "bean count," that yes, these violations are in the noise level, but that doesn't mean that they're insignificant. Remember that you have to take into account the overall military capabilities, the impact on their deterrent policies, the importance of the INF debate. I think we take it very seriously, and if there are forces out there, then I think we should consider not only programmatic responses—and by the way, I think everybody seems to be talking—not everybody, but many people—as if the appropriate response to a violation is a programmatic response. Clearly we want to have the ability to have programmatic responses, but at some point you have to ask yourself, are we going to continue to be bound by provisions of a treaty that the Soviet Union is flagrantly violating? And so, there are programmatic responses, but there are also policy responses.

Senator SHELBY. What did the Soviet Union gain out of this treaty? We've been hearing, what we have gained out of it, but what did the Soviet Union gain out of the INF Treaty?

Dr. LEHMAN. I think you have to look at it from a number of factors: military, economic.

Senator SHELBY. From their standpoint, what did they gain?

Dr. LEHMAN. I think that they say and they must be saying internally, that they've gained the elimination of a U.S. threat that is based in Europe, and as you remember, in their rhetoric, in order to stop the INF deployment, they spoke as if the Pershing II, even the small number of Pershing IIs with limited range, was somehow the most incredibly threatening and destabilizing thing ever to exist.

Well, let me tell you, the Pershing II is a very fine weapons system, but I think they exaggerated it's danger but if that's the way they feel about it, then they've got——

Senator SHELBY. They feel this way about it because they, for some reason, logical reason, they thought that if they invaded Western Europe, those weapons would be used. Is that one of the thoughts, perhaps?

Dr. LEHMAN. It may be. Let me tell you what I think their primary interest is. I know there are economic factors and political factors, but I think that the major military implication of this treaty is not contained in the treaty itself, but is contained in how the West responds to the treaty. If we end up establishing a euphoria, if it has a soporific affect on our defenses, and our readiness, if we neglect our conventional forces and our nuclear forces, we will have had undesirable and even potentially dangerous consequences of this treaty that have nothing to do with what the treaty itself says. We must prevent this, and that is the greatest danger.

Senator SHELBY. Now, how we're going to achieve parity, whatever parity means, and strengthen our conventional weapons, since we've given away our trump card, why didn't we link it? Because the Soviet Union wouldn't link it?

Dr. LEHMAN. No, Senator. I think that I disagree that we have given away our trump card.

Senator SHELBY. Well, where is our trump card?

Dr. LEHMAN. Let me say that I think we got a very good deal.

Senator **Shelby**. Well, where does our trump card go back to that? Where is our trump card? How are we going to get the Soviet Union to the bargaining table, meaningful on conventional weapons? That's what we're talking about.

Dr. **Lehman**. That's a different question. Let me tell you.

Senator **Shelby**. You've been involved in that?

Dr. **Lehman**. I have been involved in that and I must say I am pessimistic and I will tell you why. I am pessimistic, not because we can't have innovative proposals in the West, not because we can't be united. I think we've proven in both cases, or proven in INF that we can do all of those things. Why are all of the Soviet forces deployed where they are deployed? There are two reasons. One is that they are forces of occupation and the second is that they are in Eastern Europe, pointed at the heart of Western Europe and they give the Soviet Union a powerful coercive force. I doubt they will give that up until it is clear to them that they can no longer achieve their objectives. I can't see that being clear to them, so long as the West is unwilling to devote a far greater amount of resources to its conventional forces.

Senator **Shelby**. So, basically, the Soviet Union is going to gain as far as conventional power, is what you're saying?

Dr. **Lehman**. No. What I'm saying is that we believe that we have a sound deterrent force structure and in fact we believe that it is better than it's been in many years, but we recognize that the Soviet superiority in conventional forces remains. A part of that is quantitative, part of that is qualitative, and what is disturbing is that as we make qualitative improvements, they make qualitative improvements, but they keep their conventional advantages, and as you know, there are also geographical factors and things of this nature.

Senator **Shelby**. My time is up.

Senator **Exon**. Thank you, Senator Shelby. Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. I've been joined here by Dr. Alton Keel, our U.S. Ambassador to NATO and I think it is a matter of considerable coincidence that these two men formerly worked together here on the staff of this committee. I look around at these ambassadors, Mr. Chairman, and members of the committee, and I wonder when we get promoted to some of these positions?

Senator **Exon**. When we're qualified. [Laughter.]

Senator **Warner**. Well, this hearing has a very special significance to all of us, and perhaps I've had a little more opportunity than the rest to work closely with you on our Subcommittee on Strategic Forces. You're eminently qualified to go on and take on this added responsibility, as you continue to climb this ladder of increasing responsibility on behalf of this Nation.

Quickly, several questions. The Levin report, did you have an opportunity to examine that?

Dr. **Lehman**. I've skimmed the Levin report. I've not had a chance to read it completely and carefully, cover to cover.

Senator **Warner**. Well, I think there are some very interesting things in it. Senator Quayle may have some questions relating to it. He has spent a good deal of time analyzing it. I think it is helpful to have different perspectives on how we approach the imbalance in conventional forces. My great concern is that as I listen to the rhetoric and discussion about the INF Treaty and the START Treaty, I'm concerned that we are maybe misleading, in terms of how quickly we can address this issue of the conventional weapons imbalance.

As you know, this matter is now being discussed in one separate forum, and also in the CSCE. If the CSCE couples it with their mandate or incorporates other goals, presumably, the 23 nation conference will start. Could you take me through your understanding of that process and the probable timing when the American people and indeed, the world will know more about the direction in which we're going and the likelihood of resolution of some of these issues involving conventional weapons? I frankly don't see them coupled in any way, in terms of the INF or the START, if the START remains on schedule, and the President is able to conclude either a treaty or a Vladivostock-type arrangement before he leaves office.

Dr. LEHMAN. Mr. Chairman, I would be glad to. With respect to the conventional negotiations, as sad as it is, I would remind you we do have a negotiation going on in Geneva in the mutual and balanced force reduction talks and there the West made a major proposal, designed to address Soviet opposition to what sounds like a technical issue, the so-called data issue. This major Western initiative, has never really been substantively responded to by the Soviet Union. We are now involved in a discussion within the alliance on how to proceed to a negotiation that would involve "Atlantic to the Urals" constraints.

This, as you can imagine, impacts on the specific security concerns of an even broader number of nations than were involved in MBFR. What is emerging is that the emphasis will clearly have to be on stability, and that stability requires that many factors be taken into account. But, that also requires that the principal of asymmetric reductions, which we have seen in INF, will have to be applied in the conventional arms negotiations, on an even greater scale, in order to enhance stability in Western Europe.

We are working with our allies on this. Now, there are some other related negotiating issues that I would prefer not to discuss in open session.

Senator WARNER. The timing is what concerns me. Do you think it is likely we will have any resolution, not in final form, but at least negotiating instructions, goals, outlines, if the START timetable is to begin in the early fall?

Dr. LEHMAN. I think the answer to that would be yes.

Senator WARNER. Unconventional?

Dr. LEHMAN. Yes, I think that the alliance will have a quite clear picture. I mean, I think it already has, privately, a clear picture.

Senator WARNER. You will have a mandate out of the CSCE. You will have the 23 nation talks underway by fall, is that correct?

Dr. LEHMAN. I don't know about underway, but clearly we will understand what the timeframe is by then and where we're going.

Senator WARNER. Now given that it is 23 nations that have come together to work on the conventional issue, what are the advantages and disadvantages of say either the Soviet Union, or the

United States, unilaterally, or jointly coming out with some sort of a mandate as to what the objectives should be?

Dr. LEHMAN. Well, I think clearly the advantage of coming out with a clear mandate is that the alliance can then feel much freer to press its case in public as to precisely what it is that we need to achieve in the conventional area and how arms control can contribute to it.

One reason why we have not been more public about our internal contemplations is that this is an allinace of many nations, with many different specific security concerns and it is imperative that when we proceed, we proceed in a united way, as we did in INF. We want to make sure that before we go public with an approach, we have not undercut, or not perceived to have undercut, the security interest of any of our allies. There are other factors, and let me allude more generally that with respect to the question of the relationship, as you know, we're proposing to negotiate, for one example, the conventional stability talks, and the other would be a follow-on to Stockholm that would deal with confidence building measures, transparency openness, and things of that nature. That second one is clearly a follow-on to the CSCE type of negotiation we found before.

There are issues here related to the overall package approach to CSCE, for example. The Soviet Union has loved to use the CSCE process to focus on propaganda presentations in the military arms control sphere and to try to divert attention away from other vital important issues, such as human rights.

We want to make certain that as we proceed with any discussions in CSCE, or in any way related to CSCE, that we do not undermine those efforts.

Senator WARNER. My time is up, Mr. Chairman.

Senator EXON. Thank you, Senator. Senator Glenn. I'm going to call on Senator Glenn. I just want to put a plug in right here.

Dr. Lehman, the question has been raised around this table this morning, with regard to START, and moving ahead with START, before we have understandings at all on the conventional imbalance in Europe. I think the message should be delivered very clearly by you and others to the administration, that there are some strongly held views on both sides of the aisle in regard to the matters that are being brought up this morning I think that is critically important.

I, for one, said that I support the INF Treaty. While I feel that it, if anything, enhances the Soviet position with regard to that conventional imbalance in Europe. Yet I think there is a fear that in the last year of the Reagan administration there may be some goal on the part of the administration to move forward with the START Treaty without even seriously addressing the conventional imbalance. I think that would be a critical mistake and I believe the Reagan administration should bear that in mind.

Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman. I think the chairman has well expressed the concerns of a great number of people here. I would subscribe to that same idea. Just to start off, though, I don't think you need to have much fear about your confirmation. If anyone is preeminently qualified to go into that position, it is you.

You talked about the modernization program we have underway with our nuclear system. I wasn't sure whether you were referring to the specific weapons that we have that are being modernized, or to our whole fissile material production system.

Dr. **LEHMAN**. Actually, I think in the context of the question, I was referring to the specific systems, but I think it applies.

Senator **GLENN**. You mean specific weapons systems?

Dr. **LEHMAN**. That's right, both planned and also underway. But, as you know, you can't have weapons independent of the support system and that involves everything from the nuclear community to personnel, training, and things of that nature.

Senator **GLENN**. True enough, but our whole fissile production system, and this was all classified highly until about a year or so ago when parts of it started coming out. Our production system is in hideously horrible shape. We are not in good shape, and particularly we have to have the Tritium production, without which we can't keep the weapons up the way they are right now. Neither the administration nor the Congress has really addressed what it's going to take to clean that system up and make it work again.

And so, to the fissile material problems, with regard to negotiations that have just been completed, I think it's to our advantage, really, to have the old weapons, as a supply for fissile material, at least for this time period.

Dr. **LEHMAN**. I agree.

Senator **GLENN**. And so, I reluctantly go along with that, but knowing that for some 40 some years we have pushed the idea of control of fissile material as the basis for all arms control and the Soviets have always replied at every, and the history is like 40, 50, 70 meetings, something like that, where we would propose control of fissile material, they would control. Well, to do that, we have to have overall arms control.

Well, now in INF, we backed off a little bit. We backed off and went along with this. They backed off and went along with it and so we finally, at least, have made a psychological breakthrough, whatever the numbers, that we really can negotiate a treaty with the Soviets, and I think there's enough give to think that we can probably have good verification along with it.

I'm concerned, though, very much about using this same approach as the basis for START. And maybe you can say, going from 12,000 or so warheads on each side, down to only 6,000, we still have enough to obliterate each other and so maybe it's not important there, but I am concerned about where we go and what your thoughts are beyond that. Where do we get into where conventional balances become important and where we bring other nuclear powers into this negotiation.

Thank heaven we didn't go to zero, zero at Reykjavik and agreed to it. We'd have left Deng Ziaoping as the nuclear king of the world, because we'd have left other nuclear powers out of the process. If we really meant it, if we really were going to zero and the Soviets were going to zero, then we leave other nuclear powers in charge of the nuclear world, so to speak.

And so, I don't know whether it's a 50 percent on START. I question that. I don't know whether I can support that at this point. I wouldn't want to sign on and go along with START on the present basis, just on an INF basis, but I know somewhere at 40 percent or 30 percent or 20 percent or 10 percent reductions, conventional gets to be of tremendous importance and the nuclear balance with other nations involved gets to be of tremendous importance. Also we have to get back, sometime, to the fissile material approach.

Even if we went to zero, if we use the INF base, we are certainly not going to feel safe if the Soviets have 12,000 warheads sitting on the shelf over there they have stockpiled as a result of destroying the trucks that carry them, the missiles, and they're not going to feel safe if we have 12,000 sitting on the shelf. All it means is we're both going to figure in times of crisis how we're going to deliver these weapons. We still have them, they're there.

And so, I don't know whether it's at 50 percent reductions of START or 40 percent, 25 percent, or 2 percent, but somewhere I know, in this process, we cannot use the START negotiation basis as a basis for future arms control. You've been in the middle of this more than almost anybody that I know, except maybe Max Kampelman, and some of your colleagues over there we visited a short time ago.

Where do we go? We can't use the INF basis, I see it, and yet we're going, we're charging right ahead with START, going down to 50 percent. Somewhere we've got to come back to reality and go back to our original proposals of fissile material and conventional weapons balances and bring other nations into this process. There are three criteria in which the INF cannot be the basis for all future arms control. Where do we branch off?

That's more of a speech, I guess, but it's also a question of, and I think once we get into the Senate debate on this, I think these things will be terribly important to most Senators, as to whether we have support for START or not. It bothers me when we're just charging ahead with START, trying to get it done before the end of this administration, and not considering some of these other issues. It's too important just to have a political base like that. Go ahead.

Dr. **Lehman**. Senator Glenn, let me make two brief comments and then let me elaborate. You're asking a very important question, which is what is the future of arms control, especially after these already rather momentous treaties, and the second really relates to the question of caution in proceeding, taking into account that there are a lot of uncertainties about how one proceeds in the future.

Let me take the second question first. There is no rush to complete a treaty, in the sense that we are not setting a political deadline. We will not sign a START Treaty that is not in the national security interest of the United States. I have been very much committed to the START process. Many of the steps taken recently were taken on my watch, but I will be the first to say that if an emerging START Treaty is not in our interest we need to pause and take stock, but I don't think we're at that stage. I think, on the contrary, that we're getting a little bit of a rush to judgment. There's been so much preoccupation in the public on INF, and to some degree on the defense and space debate, that many people aren't aware that we have been the tortoise and not the hare on START, though we have been proceeding step by step.

We have done this, as you well know, because you've come to Geneva and you've seen the joint draft text. It is not just that we have made a great progress on the outlines or framework of an agreement, but in fact, this has been recorded in a joint detailed draft text with much language, including language on major provisions. Can we get a treaty done under this administration? I think the answer is yes. Should we? If the treaty is in the interest of the United States, yes. If not, no.

It needs to be done right and it will be done right, or we'll just have to wait.

Senator GLENN. Where in this process, whether in START or beyond, do we get into the conventional and the other nations beyond, other nations and fissile control?

Dr. LEHMAN. I think it is after START, but let me say that, as you know, in the arms control and disarmament act of 1963, our long-term objective is complete and general disarmament. Now, this is not this administration's policy, it is the law. When will that appear? Not in my lifetime and not in the lifetime of those who follow us, in my opinion.

Now, what about nuclear disarmament? Let me be very candid with you. I do not separate the nuclear and the conventional balance. I believe that the two are intimately related. I believe that our nuclear forces help with our conventional deterrence and our conventional forces help with our nuclear deterrence and the two together are far more effective than others separately.

Having said that, I believe that in our negotiations, not only INF and START now, but in any future negotiations, we should not be seeking, for example, to eliminate the nuclear component of our deterrent, but rather to enhance overall stability. But, I think that the nuclear part of the negotiations, whether they be separate or together, the nuclear part of those negotiations should strengthen the nuclear component of our deterrent and not make it weaker or transfer a burden to the conventional forces.

Senator GLENN. Would you go to 20 percent force on each side, on the current basis of INF negotiation on that basis?

Dr. LEHMAN. Absolutely not. I wouldn't go to START on the basis of INF. We have made it clear and I think it is recorded in the joint communique of the Washington Summit that START will have to go significantly beyond INF, in terms of verification.

Senator GLENN. Well, it's not just verification to me. It gets into MBRF. It gets into where we bring other nations in and I'm just trying to get a feel, and maybe I'm pinning you down too much this morning here, but I'm trying to, I admit it. Is 20 percent the point where we just couldn't go on the current basis? Is 30 percent? Is 50 percent okay, at START, which obviously you feel it is?

We still would have some 6,000 warheads on each side, but we're down that track. Somewhere we could not use the INF base nor the START base, as I see it unfolding, at least what we know about those negotiations. I don't see that we can make that a base. I don't know where beyond that. But somewhere we have to get, we have to put greater emphasis on conventional and on the fissile material control and on getting other nuclear powers involved, and I don't know what that breakpoint is and I think for many members here, you're going to have a problem selling 50 percent, unless some of those are answered.

Dr. LEHMAN. Senator Glenn, we are, in fact, as you know, developing, not only continuing the MBFR negotiations but developing a new approach for a broader conventional arms negotiation. It's not that we're saying that they are to be taken in isolation. What we are saying is that at the level of reductions we are talking about now, we don't think that it is in our interest to rigidly link the negotiations in a formal sense. We are looking, and at the Reykjavik foreign minister's meeting, there was a communique of the foreign ministers of NATO that was issued that talked about INF and then START, conventional, and chemical negotiations that talked generally about how we approach the next steps.

Senator GLENN. Well, I agree with you. I think it was a good idea to back off of our traditional push that we had made for the last 40 years or so. It was a non-START, or obviously we backed off. We gave up a lot, the Soviets gave up a lot. We're not considering some of these other things we used to consider very vital. Somewhere in here these other vital things have to come back into the equation or we're not going to build a safe world, whether for this generation or three generations down the pike. My time is up.

Dr. LEHMAN. If I could just add my agreement.

Senator THURMOND. Excuse me, Mr. Chairman. I've been called out and so if you would excuse me, I just wanted to say that I remember Dr. Lehman from the time he served on the Armed Services Committee and I feel he's very competent and that he's very dedicated. I'll be very pleased to support his nomination.

Senator EXON. Thank you very much, Senator. I will allow you to respond to Senator Glenn's question and then I must recognize, because he's been very patient, the Senator from Indiana.

Could you give us a brief response? You said you wanted to respond.

Dr. LEHMAN. Certainly, in addition to the military considerations, I think we have to recognize that without fundamental change in the nature of Soviet society and issues like human rights, there is going to be a barrier to what one can do in arms control. In any case, given the present status of all of these factors we don't believe we should insist on a formal, rigid, linkage. But, you're right when you say that the deeper we go into reductions, the more all these things come together.

Senator GLENN. While I'm not sure we want to make that the ultimate end on human rights, because it's a human right also to stay alive and that may be more important than some other issues.

Senator EXON. Senator Quayle.

Senator QUAYLE. Thank you, Mr. Chairman. I don't want to be premature, but to congratulate Dr. Lehman, I'm sure that his nomination will breeze through here. As we say, it's like a cake-walk, and I'm sure you will live up to everyone's expectations, whatever that may be.

And Lehman, I don't think you can live up to everyone's expectations. [Laughter.]

Well, how about those present? [Laughter.]

Let me sort of follow along the lines. I think that Senator Glenn was sort of driving toward on, where do we go from here type of an idea. His committee has been very interested recently on the net assessments of conventional forces and I know our chairman here has looked at net assessment of strategic forces, that the idea of net assessment is very very important and it is something that this committee has put up as a higher degree of importance than perhaps in the past. We started out with some strategy hearings. We have had some very comprehensive conventional forces hearings.

Do we have a net assessment of our present START position?

Dr. **LEHMAN**. If you mean by that, have we done analyses, including computer driven analyses of force structures and exchange ratios under START, as we propose it and as we understand they propose it, the answer is yes. We've done an extensive amount of work like that.

Senator **QUAYLE**. So, in other words, we do have a net assessment, if we would ask for a classified briefing on what the net assessment is of our START position, we could have people from Department of Defense come over and say, here is our net assessment of our position; is that what you're telling me?

Dr. **LEHMAN**. I don't know if we have a document that has gone sufficiently high in the executive branch to say this is the official administration position, but the intelligence community has done a lot of analysis. As you know, some of that is contained in discussions in the NIE. We do our own internal analysis, the JCS does theirs, the State Department does theirs.

Senator **QUAYLE**. I think you've just raised a concern that I have, that everyone does have their own net assessments and the Air Force has their net assessment and the Navy has their net assessment and everyone has their own net assessment, but my concern is, have we made some of these decisions and looked at the overall net assessment of what our START position is, and is there a document where a position where you can come up and say, here is what we think?

I mean, we being the U.S. position on a net assessment of our START position, not the individual agencies. They work on net assessment all the time. I want to know if we have an official position on what our net assessment position is of START.

Dr. **LEHMAN**. The answer is that we do have formal judgments, for example, from the Joint Chiefs of Staff, and so there is that sort of thing. If you mean, do we have, at this moment, a net assessment that is an administration approved document, worked interagency and taking into account all the very latest things that have happened, which says: "this is it," I'm not aware that that exact document exists.

On the other hand, let me say that, certainly with respect to the agreed positions in Geneva, and certainly with respect to the U.S. position, I think we have quite a common understanding of what the implications are. And, I don't think there's a great deal of difference. There may be differences as to whether approach A or approach B is better for one purpose or another, but I think we have a pretty clear understanding of what happens to force structures on both sides.

Senator **QUAYLE**. While I would just say it is very important that we have a clear understanding of what our net assessment is and I can only just say that this committee is getting increasingly interested in this type of analysis, so any kind of priority that you can place in the building to come to gripes with what I think you might find out, we might have some conflicting viewpoints of what our net assessment really is, the better we're going to be because I think that probably you should anticipate down the road more questions in this analytical area than what you have in the past. Let me switch to another subject. I've discussed this with you and others on our position of the conventional cruise missile, particularly the ALCM and the SLCM.

One of the mistakes that I've talked about in the INF agreement is the giving up of the conventional cruise missile ground-based and within the INF arrangements, what is our position and how certain do you think we'll be able to hold our position of what the future of the conventional cruise missile, the ALCM and the SLCM will be?

Dr. **Lehman**. We have made it absolutely clear in hour after hour of discussions in Geneva and at the highest levels. It is recorded in the joint communique from the Washington Summit, that the treaty deals only with nuclear-armed air-launched cruise missiles, and we are looking at how to deal with the question of nuclear armed sea-launched cruise missiles and not conventional sea-launched cruise missiles and this was dealt with at the highest level and we are adamant about it and we will insist upon it.

Senator **Quayle**. Even though they will bring up in START talks like they brought up in the INF talks, that there's difficulty with verification?

Dr. **Lehman**. We're talking about a different verification regime in START than we are in INF.

Senator **Quayle**. I understand that, but still one of the arguments that is made on this is it's very difficult to verify whether at START or INF, having different requirements. But, you do not see this as an obstacle to being able to pursue the nonnuclear conventional cruise missile, both air launch and sea launch?

Dr. **Lehman**. No, and in fact, we made it very clear to the Soviet Union that in agreeing to limit conventionally-armed, ground-launched cruise missiles, that we can only do that in the context of having conventionally-armed-air-launched cruise missiles, and sea-launched cruised missiles.

Senator **Quayle**. What is our position on SLCMs right now?

Dr. **Lehman**. We've agreed with the Soviet Union to see if we could find a way to address the question of nuclear-armed, long-range nuclear-armed, sea-launched cruise missiles. We have made it very clear in the negotiations that, in spite of extensive efforts, we've not found the satisfactory solution to that question. The Soviet Union insists there must be a satisfactory solution. They've talked in general terms, but they've not given us the kind of specificity that we need.

And recently they've talked of exotic technologies, but we are relatively confident from what they've said that their technologies are not all that exotic, they don't do the job and so we just have not found a solution to that problem. We are prepared to sign a START Treaty in which SLCMs are not limited at all, and we told the Soviet Union that.

Senator **Quayle**. My time is up. But the Soviets don't have a specific position on SLCMs? I thought they had.

Dr. **Lehman**. No, but they do have a proposal for a numerical limit, that sort of thing.

Senator **Quayle**. And we don't have any proposal?

Dr. **Lehman**. No. That is to say, we've been discussing this with them at length, but we don't see a solution, and they need to do a lot more work on this problem.

Senator **Exon**. Thank you, Senator Quayle.

Dr. Lehman, with the departure of Dr. Ikle as Under Secretary of Defense for Policy and the Secretary's decision not to seek another Under Secretary, what are the reporting arrangements for the policymaking arm of the Defense Department? Do some of them report to you and others to Assistant Secretary Armitage, or does everyone now report to the Secretary?

Dr. **Lehman**. Well, let me say first of all that the Under Secretary hasn't left yet and that no final decision has been made, to my knowledge, although there have been some discussions as to the exact distribution. Basically, those components of the Under Secretary's organization that do not now report either to ISA or ISP, will report either to ISA or ISP, or possibly to some other organization with a coordinating function with ISA or ISP.

Senator **Exon**. But is it possible that some of this reporting would come through you?

Dr. **Lehman**. Oh, yes, it is almost certain.

Senator **Exon**. I'm pleased to hear that. I was hopeful that that would answer my question. Dr. Lehman, do you support the President's SDI objective of defenses so perfect that they are "just like a roof over the head that keeps out the rain?" What objectives do you think we should pursue under SDI?

If you don't believe that those objectives are reasonable and in what timeframe do you see the priorities that you had envisioned for SDI taking place?

Dr. **Lehman**. Senator Exon, I strongly support the President's SDI program. I was on the National Security Council staff when the NSDD, giving guidance on the implementation of the program, was drafted and I want to say that there has been a tendency to create a caricature or strawman of our SDI objectives and then attempt to shoot those down. But, I think it is important for everyone to understand that the SDI program is a research program, designed to evaluate a wider range of technologies and to make an initial assessment of their utility.

It was made quite clear that a specific application should not be selected prematurely, but rather that this was an effort to look at the technologies. What kind of applications are there?

Well, obviously, when one looks toward the future, one can see a highly effective system, which could be a major and perhaps the major component of your overall structure for deterrence, but there are other possibilities even before, and at the same time as the President's NSDD on the broader SDI program. The President directed that we look at strategic defenses, as a component of our deterrent, for example, as part of our ICBM modernization program, or for the defense of bomber bases and communications. That guidance has remained in effect.

And, in addition, as you know now, many people are noticing that, in fact, more limited systems can have utility for, not only just for dealing with the questions of accidental launch and confidence building factors, but in fact, they can help deny the Soviet Union certain strategies for nuclear targeting. So the question becomes what system you deploy early; what system you deploy in what layer, whether it be in space or exoatmosphere ground-based, endoatmospheric, and what should go first and in what order and how effective the overall system should be? There was no prejudgment on that.

Now, it is true that we have emphasized in our public discussions the future potential of the system. But, the future potential isn't where you go first. You go down a path and you're obviously going to have lesser systems first and we think that is clearly understandable.

Senator **Exon**. While I was interested in your response, I don't know who has set up a strawman, to use your phrase, Dr. Lehman, but some kind of a strawman who holds out the possibility of SDI to protect us, just like the roof over our head that keeps out the rain is, I suggest, not very much in tune with reality, as far as the present SDI research has revealed.

And certainly then, you don't describe SDI and you would object to using such terms as like a roof to keep out the rain, as not realistic, as part of our reasonably attainable goals in the next 20 years.

Dr. **Lehman**. I think that a highly effective defense, and by that I mean one that guarantees that 90 percent or 95 percent of all incoming warheads in a massive strike will be destroyed, is not near term.

On the other hand, a component of such a system could be relatively near term, in the timeframe you're talking about.

Senator **Exon**. Thank you, Dr. Lehman. I suspect that you and I do not disagree on SDI, but I think it is going to be very difficult for us under a public policy statement to agree on something we both have views on.

Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. Mr. Chairman and Dr. Lehman, we've all read with considerable interest a very important speech given by Mr. Nunn, in which he outlined an alternative option, which I think should bear careful scrutiny. It would be a partial first step, primarily land based, presumably within the framework of the treaty, although I don't recall specifically. I read the speech, and how he detailed the technicalities, so as to not get into the broad versus narrow interpretation, presumably, since one doesn't have to go into space. Maybe there are some other areas of the treaty that might be touched. What is your view?

First, I presume you looked at the speech?

Dr. **Lehman**. I have.

Senator **Warner**. What is your reaction to that speech and his ideas?

Dr. **Lehman**. Well, as I said to Chairman Exon, our policy does not rule out the possibility of either ground-based systems versus space-based, or limited systems, as opposed to very large first phase systems. We acknowledge that you get there step-by-step and that is reality. We, at this point, are not prepared to prejudge which technology would be the one that would be the most appropriate for early deployment, and I think we're not, at this stage, prepared to say that there is a technology that we desire to deploy in the very near term, in a treaty compliant mode.

We want to evaluate its effectiveness, its cost, things of that nature, but let me say that let there be no doubt, we have made considerable achievements in the SDI area. I remember when I worked for this committee and we had what was called the "advanced technology line." Well, the technologies associated with that advanced technology line, which were the futuristics of that day, of course are now what everyone looks toward as sort of the near-term, easy-to-do type of program.

Time has gone by. There is a revolution out there. I think that the revolution in electronics, microprocessors, sensor technology, computers, is incredible. Many things that were once inconceivable are now feasible and now the question is: Are they affordable and desirable? So, I strongly support the President's SDI program, but I think we ought not rush to judgment as to exactly how it should first be implemented.

At the same time, let me say that there are elements of Senator Nunn's speech that are very much consistent with some of the research and work that we are doing today.

Senator **Warner**. You covered the issues of linkage and have expressed all of your feelings on that with other members here. I had to step out. I personally think linkage of any conventional talks with the START should not be considered. That is my view. Are you likewise of that view?

Dr. **Lehman**. I share that view.

Senator **Warner**. In other words, it is so important that we're going to deal with it extensively with floor debates and elsewhere. I just wanted to make sure that you had the opportunity to express in entirety your views.

Dr. **Lehman**. What I would like to do is to make it absolutely clear that I think that formally linking these issues as preconditions for combined negotiations is a mistake and it will make it very difficult to solve problems in an effective way. But, I also want to emphasize the point that I made to Senator Glenn and to Senator Quayle that they are interrelated. It is not the case that they're not interrelated. In fact, when one is negotiating in one area, one must always keep in mind many other related factors.

I'm just saying, that if you say you can't solve anything until you've solved everything, you will never solve anything.

Senator **Warner**. Mr. Secretary—well, not yet, Mr. Secretary, but if confirmed—I've talked to you about your commitment to your family and your hours over there. We've spent many a session together on that subject, and you will follow the Warner rule, will you not?

Dr. **Lehman**. Well, let me say that my wife and I have had extensive discussions about this and I have promised her that things will get better and she said that she understands, but I think we may have a difference in interpretation.

Senator **Warner**. I'm going to continue to be a watchdog on that.

Dr. **Lehman**. You've always been very kind.

Senator **Warner**. She's a great lady. My God, so many of those decisions that are made after 7 o'clock are reversed before 8 the next morning. Don't worry about it.

Mr. Chairman, it's a delight to be here with you. We came to the Senate together. Can't you tell?

Dr. **Lehman**. I remember.

Senator **Exon**. John, thank you very much. I don't think we have any further questions. I would just like to say that I agree completely with the statement just made by my colleague from Virginia and I believe it is a prevailing view, a substantially prevailing view. I would put it that way, Dr. Lehman, of the Senate on both sides, that there is no way that we can now, or that we should tie in the conventional imbalance in Europe with the INF Treaty and I believe that we will very likely have the votes to repel any such killer amendment that I suggest are going to be offered.

But having said that, I believe and I hope that we left you with the impression here that it would very likely be a mistake for the administration to proceed on theory that the same attitude would be taken by a substantial number of us in the Senate, were we presented a START Treaty on the same basis.

With regard to not directly addressing the conventional imbalance as has been the case with INF and I tried to drive that home before. I think I should drive that home once again. This is a major concern by what I feel is something that many members on both sides are thinking about and so we are cautiously optimistic about the chances of such a treaty, but rushing into it without any firm understanding or commitment about at least addressing the conventional imbalance in Europe could cause some difficulties in the Senate if such a treaty were presented to us.

There are other questions, Dr. Lehman, that I will submit to you, for the record.

I think because of the press of time, we don't need to take those up at this juncture, but I appreciate your responding as quickly as possible to those questions that will be posed in writing. I anticipate that your nomination will go through in a speedy fashion and I appreciate you coming here this morning for a very informative hearing.

And, before I adjourn the hearing, I would just give you the opportunity to make any concluding statements that you would wish.

Dr. **Lehman**. Mr. Chairman, I would just say that nobody has all of the answers, but maybe if we work together, maybe we will come up with better answers. I have enjoyed working with you and with the members of this committee in the past and look forward to doing so again.

[Questions for the hearing record with answers supplied follow:]

Questions Submitted by Senator J. James Exon

GENERAL ROGERS' CRITICISM OF THE TREATY

Senator **Exon**. How do you respond to General Rogers' criticism of the treaty?

Dr. **Lehman**. General Rogers has argued that the INF Treaty will eliminate a "rung" on NATO's "ladder of escalation."

It is true that Pershing II and GLCM are highly capable and survivable systems. Their elimination will impact upon NATO's flexible response capabilities.

Nevertheless, the alliance will retain adequate nuclear forces to support its strategy of flexible response. These forces will provide a wide spectrum of retaliatory options, including ones which hold Soviet territory at risk.

Remaining U.S. nuclear forces in Europe, combined with the more than 300,000 U.S. troops there, will continue to provide visible evidence of our commitment to contribute to the defense of Europe with whatever types of systems are necessary.

The loss of capabilities inherent in Perishing II and GLCM will be more than offset by the security benefits of the INF Treaty:

The elimination of the threat from Soviet INF missiles; and

The overall strengthening of alliance credibility resulting from its steadfast implementation of both the deployment and negotiating tracks of its 1979 decision.

NATO Defense Ministers have carefully considered the implications of the INF Treaty for NATO's strategy. Their strong endorsement of the treaty took full account of this assessment.

CONVENTIONAL BALANCE OF FORCES IN NATO

Senator Exon. Dr. Lehman. According to testimony before our committee, the following is true about today's conventional balance of forces in NATO:

—Over 85 percent of Dutch and 60 percent of Belgian troops and equipment would have to be brought forward from those countries to their FRG defense positions.

—Over 50 percent of the British manpower must come from the U.K., and they bring no heavy equipment, even though the British contingent has less firepower than either the Belgian or Dutch forces.

—The allies in the northern corps areas start to run out of munitions within the first week of combat.

—There are still virtually no aircraft shelters, facilities or weapons and POL storage for the 1,500 U.S. tactical aircraft we have promised to send to Europe.

Dr. Lehman, if confirmed, how do you propose to address these serious "warstoppers" in your new position?

Dr. Lehman. The correction of serious "warstoppers" is a major objective of the ongoing NATO program for conventional defense improvements (CDI). As Secretary Carlucci made clear in his recent testimony, we strongly support this program. With regard to the specifics of your question, I would like to make the following comments:

—The maldeployment of Dutch and Belgian forces is a matter of concern. These forces, of course, need not be forward deployed in the FRG. The need is to ensure their timely arrival under likely warning scenarios. We have long urged appropriate corrective action within NATO, and I believe that we are making progress. For example, the Dutch have recently announced a rail-car purchase that should go far to ensure the timely arrival of their forces.

—As to the U.K. contribution, their heavy units for initial defense are already forward deployed in the FRG and have more firepower than either the Dutch or Belgium forces. U.K. reinforcing forces, in contrast, are lighter units with other missions such as rear area defense.

—With regard to munitions stocks in the Northern Army Group, this group consists of four allied corps, from The Netherlands, West Germany, United Kingdom and Belgium. Although each of these countries has different stockpile levels of ammuition, all of them have been making steady progress in building up their critical munitions stocks as part of the CDI effort. There is sufficient current stockage to last more than 1 week of combat, although it is true that some high tech, high cost items are in short supply.

—The statement regarding our reinforcing aircraft is inaccurate and without substance. U.S. Air Forces in Europe (USAFE) has detailed plans and agreements with virtually all our European NATO host nations to beddown U.S. reinforcement aircraft during a crisis or wartime operation. This includes provision of minimum essential facilities for storage of fuel and ammunition which are currently being constructed with an anticipated early 1990 completion date. USAFE also has had for a number of years an aggressive construction program underway to shelter U.S. reinforcing aircraft at U.S. European main operating bases and at collocated air bases. NATO infrastructure funding provides financing for sheltering 70 percent of these aircraft, and overall, the program is making good progress.

REPLACEMENTS FOR INF WITHDRAWALS

Senator Exon. Dr. Lehman, DOD officials are already calling for more nuclear artillery shells and a Lance replacement as partial "compensation" for the INF withdrawals. Since Lance has a range of only 70 km and the artillery shells only 20 to 30 kilometers, I do not see the connection. Indeed, I see what also concerns our German allies—nuclear weapons whose use falls exclusively on NATO territory. What are your views on this?

Dr. LEHMAN. NATO has on-going programs to modernize its nuclear forces. These requirements stem from NATO's 1983 Montebello Decision to reduce the European stockpile by 1,400 nuclear weapons while ensuring that the remaining nuclear weapons are responsive, survivable and effective.

Modernization of artillery fired atomic projectiles (AFAPs) and fielding of a follow-on to Lance (FOTL) are two such long-standing modernization requirements for NATO, identified previous to, and required independent of, the INF Treaty.

The German premise that certain systems uniquely threaten Germany reflects the peculiar—and erroneous—perspective from which many West Germans view NATO nuclear systems in Europe. They falsely see the FRG as "singularized" by vulnerability to SNF weapons having ranges too short to land outside Germany.

A few points are in order. First, the INF Treaty essentially reestablishes the INF status quo in Europe prior to Soviet deployment of its SS–20 force. No German then argued that they were "singularized", even though they were just as geographically vulnerable to Soviet SNF as they are today.

Second, while Germany remains vulnerable to Soviet nuclear attack, in the post-INF world, so will the rest of Europe and the United States. Indeed, other NATO nations are also in range of Soviet SNF. At the same time, the United State will maintain thousands of nuclear weapons that can threaten far beyond the borders of Germany, into Eastern Europe and the Soviet Union. [Deleted] NATO allies [deleted] share in the responsibility for basing nuclear weapons. The alliance as a whole thus properly shares both the risks of Soviet attack and the means of responding to it.

Finally, the presence of Allied forces in the FRG, including over 300,000 U.S. troops, is an important means of deterring the very attack the Germans fear. Moreover, their presence ensures that West Germany can never truly be singularized. The concept of singularity has no meaning in an alliance based on common defense.

NATO COOPERATIVE R&D PROGRAMS

Senator EXON. Dr. Lehman, do you wholeheartedly support the NATO Cooperative R&D Programs and the Balanced Technology Initiative? How do you plan to work toward further implementation of these programs?

Dr. LEHMAN. I strongly support the concept of NATO Cooperative R&D Programs and the Balanced Technology Initiative. Both of these congressionally initiated programs provided additional resources to strengthen our conventional force capabilities. They provide flexibility to our acquisition and R&D managers to pursue high-payoff cooperative or technological initiatives through an infusion of "seed money". As these programs mature, however, they must be funded by the services. As we move into the 1990s, more and more of these programs will call for required service funding. Thus, these welcome "seed money" initiatives that I strongly support at the current level, could serve to restrict our budgeting flexibility if we fail to adequately manage their outyear growth implications. We will work closely with the OSD agencies and services to take full advantage of the opportunities provided and to ensure that only well-thought-out, high-payoff programs are intitiated and allowed to proceed.

Senator EXON. Thank you very much, we appreciate your being here and the hearing is adjourned.

[Whereupon, at 11:25 a.m., the committee adjourned.]

[The nomination of Ronald F. Lehman II was reported to the Senate by Senator Sam Nunn on February 4, 1988 with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on February 16, 1988.]

NOMINATION OF JACK KATZEN TO BE ASSISTANT SECRETARY OF DEFENSE FOR PRODUCTION AND LOGISTICS

THURSDAY, MARCH 3, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 1:30 p.m., in room SD-562, Dirksen Senate Office Building, Senator Jeff Bingaman, presiding.

Present: Senators Bingaman, Levin, Dixon, Warner, and Thurmond.

Staff present: Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Andrew S. Effron, counsel; Frederick F.Y. Pang, professional staff member; and Pamela G. Powell, staff assistant.

Also present: Edward McGaffigan, Jr., assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; and William J. Wight, assistant to Senator Warner.

OPENING STATEMENT BY SENATOR JEFF BINGAMAN, PRESIDING

Senator BINGAMAN. The hearing will come to order.

I have a short statement and then I will defer to you, sir, to make whatever statements you would like to make, and then I will have a few questions.

The meeting today is to consider the nomination of Jack Katzen to be the Assistant Secretary of Defense for Production and Logistics.

Mr. Katzen has served with distinction in both government and industry in positions where he has been directly involved in the defense acquisition process. Currently, he is serving as the Deputy Assistant Secretary of Defense for Systems.

In this position, he has been responsible for the modernization of production and logistics management systems and for programs to enhance the maintainability, reliability, and usability of weapon systems.

The Assistant Secretary occupies a crucial position in the acquisition process because he has direct responsibility for the development of rules and regulations that implement the broad policy decisions made by Congress and DOD's leadership.

This committee has expressed concern about the volume and the lack of clarity in the rules that burden the contracting process. We recognize that the Department is not wholly to blame for the difficulty in implementing the numerous changes that have been developed in recent years.

We look to the Assistant Secretary, however, to ensure that implementation proceeds as smoothly as possible and to provide us with proposals to change legislation that is unduly burdensome or counterproductive.

The Assistant Secretary also is responsible for programs to enhance the defense industrial and technological base.

Dr. Costello, the current Under Secretary of Defense for Acquisition, served as the previous Assistant Secretary, and he instituted a number of promising programs to strengthen our industrial capabilities.

The new Assistant Secretary will play a crucial role in determining whether these efforts will bear fruit or whether they will simply be relegated to the Pentagon's book shelves.

The Assistant Secretary also must come to grips with the problem of inefficient production rates.

At one of our hearings, the term "structural disarmament" was used, to describe the effect of increasingly inefficient production rates.

At a time of tight budgetary constraints, there will be great temptation to sustain programs through such inefficiencies. We will be looking to the Assistant Secretary to make the hard decisions needed to promote efficient rates of production.

With less than a year to go in this administration, there are many who believe that little can or will be accomplished. It is our hope that such beliefs will not prevail in the subject of acquisition policy.

Much has been set into motion in recent years through the Carlucci initiatives, the Packard Commission proposals, and legislation that has been enacted here in Congress.

Most of these programs are still in the very early stages of implementation, and the Assistant Secretary can play a pivotal role in ensuring that worthwhile reforms are institutionalized and that marginal activities are targeted for revision or elimination.

It is our view that the acquisition system should be given a chance to digest recent reforms and catch its breath. But we also believe there is a need for the Assistant Secretary to play an active role in removing impediments to innovation and inefficiency, and we look forward to discussing these issues.

[The nomination reference of Jack Katzen follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
January 26, 1988.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Jack Katzen, of Connecticut, to be an Assistant Secretary of Defense, vice Robert B. Costello.

[The biographical sketch of Jack Katzen, which was transmitted to the committee at the time the nomination was referred follows:]

Deputy Assistant Secretary of Defense (Systems).—(1987-Present). Formed a new Deputate within the Office of the Assistant Secretary of Defense (Production and Logistics) to modernize Production and Logistics Information and Management Systems and to enhance the maintainability, reliability, and usability of Weapon Systems.

Managing Director.—Beacon Partners, Limited (1986–1987). Formed a small business with three partners to assist troubled companies via restructuring and/or introduction of new management, management systems and technology.

Corporate Officer.—Vice President, AVCO Corporation (1978–1986). Hired by the President to troubleshoot AVCO's manufacturing businesses. Led the business integration of the Aviation and Land Vehicle Gas Turbine Engine Division, the Aircraft Piston Engine Division and the Engine Production Support Division. Initiated redirection of the Everett Research Laboratory from product development and production to support of the Defense Department and the operating units. Guided the Electronics business from a questionable status to solid, high-growth. Emphasized the international marketplace. Led AVCO's successful quality and innovation related corporate culture change as a key strategic thrust basic to productivity and product improvement and lower costs.

General Manager.—General Electric Company (1956–1978). Aerospace and Military Systems, Information Systems, Industrial Components and Materials and the Far East Area. Manager of Engineering for GE's ballistic missile programs. Built GE's Military Space business. Won and implemented $1.5 billion in Military Satellite and Ground Equipment contracts. Pioneered incentive contracting. Built GE's Special Information Systems Business. Developed earliest Point-of-Sale Systems and Direct Data Entry Automatic Computerized Systems. Appointed General Manager-Worldwide for Project Development of GE's New Product Line. Selected to play a key role in GE's major effort to develop and apply Strategic Planning to achieve targeted next-decade company income growth. Assigned as Manager, Group Strategic Planning and Review, to the Components and Materials Group, eleven businesses: Medical Systems, Appliance and Electronic Components, Metallurgical Products, Motors, Plastics, Specialty Materials, etc. Originated and applied Strategic Review concepts as being essential to test adequacy of planning. Reassigned to Far East Area Division to develop and implement Corporate Business Plans.

Branch Head.—U.S. Naval Air Development Center (1942–1956). Managed design engineering operations for missiles, aircraft, missile launching (undersea, shipboard, airborne) for Navy Department, Bureau of Aeronautics, at USNADC, Johnsville, PA. Awarded numerous Navy Department Commendations.

Personal Data.—BSME (Aero) Carnegie Tech, additional work at MIT. GE courses in General Management, International Business, Strategic Planning. Taught Professional Business Management I and II. Four electro-mechanical patents. Received Defense Department honors for consistent high quality of hardware and software production and management systems.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Jack Katzen in connection with his nomination follows:]

UNITED STATES SENATE
COMMITTEE ON ARMED SERVICES
Room SR-228
Washington, DC 20510-6050
(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE. Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Jack Katzen.
Jacob Katzen.

2. **Position to which nominated:**
Assistant Secretary of Defense (Production and Logistics).

3. **Date of nomination:**
January 5, 1988.

4. **Address:**
(List current place of residence and office addresses.)
Residence: [Nominee responded and the information is contained in the committee's executive files.]
Office: The Pentagon, Room 3E813, Washington, DC, 20301-1000.

5. **Date and place of birth:**
August 12, 1921, New York City, New York.

6. **Marital Status:**
(Include maiden name of wife or husband's name.)
Divorced.

7. **Names and ages of children:**
Jill Ann Johnson, daughter, 40 years old; Jan Ellen Katzen, daughter, 36 years old.

8. **Education:**
List secondary and higher education institutions, dates attended, degree received and date degree granted:
1. Camden High School, Camden, N.J., graduated January 1938.
2. Carnegie Institute of Technology, Pittsburgh, PA, attended from 1938 to 1942. Received BSME (AERO) 1942.
3. Took courses at MIT during summer of 1941. No degrees.

9. **Employment record:**
List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Deputy Assistant Secretary of Defense (Systems).—(August 1987–Present). Department of Defense, The Pentagon, Washington, DC.

Formed a new Deputate within the Office of the Assistant Secretary of Defense (Production and Logistics) to modernize Production and Logistics Information and Management Systems and to enhance the maintainability, reliability, and usability of Weapon Systems.

Managing Director.—Beacon Partners, Limited (1986–1987), Stamford, CT. Formed a small business with three partners to assist troubled companies via restructurcing and/or introduction of new management, management systems and technology.

Corporate Officer.—Vice President, AVCO Corporation (1978–1986) 1275 King Street, Greenwich, CT. Hired by the President primarily to troubleshoot AVCO's manufacturing businesses: Engines, Electronics, Military and Space Systems, Specialty Materials, Aircraft Structures, and the Research Lab. Led AVCO's successful Quality and Innovation related corporate culture change basic to achieving productivity and product improvement and lower costs.

General Manager.—General Electric Company (1956–1978) 570 Lexington Avenue, New York City, NY. Aerospace and Military Systems, Information Systems, Industrial Components and Materials and the Far East Area. Manager of Engineering for GE's ballistic missile programs. Built GE's Military Space business and, later, GE's Special Information Systems Businesss. Played a key role in GE's development of Strategic Planning. Assigned to Components and Materials Group, eleven businesses: Medical Systems, Appliance and Electronic Components, Metallurgical Products, Motors, Plastics, Specialty Materials, etc. Then assigned to Far East Area Division to develop and implement Corporate Business Plans.

Branch Head.—U.S. Naval Air Development Center (1942–1956). Managed design engineering operations for missiles, aircraft, missile launching (undersea, shipboard, airborne) for Navy Department, Bureau of Aeronautics, at USNADC, Johnsville, PA. Awarded Navy Department Commendations.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Active now:

1. National Association of Corporate Directors.
2. MENSA.
3. Ferrari Club of America.
4. Jaguar Club of Southern New England.

Have been a member, not now active:

Beta Sigma Rho Fraternity, IAS, SOCA, Fraternal Order of Police, AOA, AFA, AIA; other industry associations, and the Huntsville, AL Chapter of Rotary.

13. **Political affiliations and activities:** (a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements:

1. Scholarship award to Carnegie Institute of Technology.
2. Several Navy Department Commendations for outstanding management and production achievements.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated:

Fiber Optics Standardization Symposium, December 7, 1987.

Electronic Data Interchange Association, December 2, 1987.

17. Section: (a) Do you know why you were chosen for this nomination by the President?

Primarily based upon applicable experience.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

(1) Early experience working for the Department of the Navy as a Design Engineer and Branch Head. (2) Later experience at General Electric (GE) as a Senior Technical Manager in Military and Space Systems and Information Systems and Senior Business Manager of a broad range of successful high technology businesses. (3) Experience at GE in developing and applying corporate-wide its Strategic Planning System. (4) Considerable international business experience, particularly in the Far East and Europe. (5) Experience at AVCO Corporation in successfully troubleshooting a number of its high-technology product businesses. (6) A dedication-to-quality in all that we make or do, including implementing a successful corporate culture change at AVCO.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee. Information furnished in Part B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Jack Katzen.

Part B—Future Employment Relationships

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part C—Potential conflicts of Interest

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority, for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a

foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the Chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JACK KATZEN.

This 27th day of Janaury, 1988.

Senator **Bingaman**. At this point, I would defer to you, Mr. Katzen, for any comments you have, any statement that you would like to make before we go to questions.

STATEMENT OF JACK KATZEN, TO BE ASSISTANT SECRETARY OF DEFENSE FOR PRODUCTION AND LOGISTICS

Mr. **Katzen**. I do have a prepared statement that I would like to read, if I might, please.

Senator **Bingaman**. That is fine.

Mr. **Katzen**. Mr. Chairman and members of the committee, I am honored to be here and to be considered for the position of Assistant Secretary of Defense for Production and Logistics.

I am currently serving in the position of Deputy Assistant Secretary of Defense of Systems, which is in the Office of the Assistant Secretary of Defense for Production and Logistics.

My systems deputate was created under the Assistant Secretary for Production and Logistics earlier last year. Its purpose is threefold: to provide the necessary focus and direction to production and logistics management and information systems modernization; to improve the reliability, maintainability, and ease of use of weapon systems; and to implement computer-aided acquisition and logistic support and other information systems standardization initiatives.

I am convinced that the organization we are putting into place provides a more effective means to improve the production and logistics function. It will enhance management and cost effective support of operations, both that required during national crisis or mobilization and that required for day-for-day operations.

I have discovered since coming to the Pentagon that nearly all my experience gained over the years as both a DOD civilian employee and in the private sector has been extremely useful and applicable. I have been a line manager of many high technology businesses in aerospace, defense, and information systems. I have earned a reputation as a producer of high quality, reliable products that met user expectations, as a business troubleshooter, and as a manager of complex operations.

One of the primary reasons I decided to accept my present position last year was to have the opportunity to work with and support the efforts of Dr. Costello. We share similar work-related background and experience, and have a common view with respect to getting the job done efficiently and effectively.

In my relatively short time in defense, I have identified three major areas of emphasis that I would like to share with you that seem to me to tie together many of Dr. Costello's current goals and initiatives. I will discuss them briefly since, if I am confirmed, these three areas will receive my primary attention.

Saving the most important for last, the first of these is cost reduction.

Present budget realities make it imperative that we pursue every avenue for reducing the cost of defense programs without sacrificing quality. This includes continuing efforts in multiyear procurement, acquisition streamlining, maintenance of economic production rates, and competition.

We must be as innovative with respect to developing cost reduction programs as we are with developing technological breakthroughs. In addition, I have been asking the question, "How can we use our technology not just to go higher, faster, deeper, et cetera, but to cut the total life cycle cost of what we build, maintain, support, and use, and use technology to this end as well?"

This is a concept that I have been very actively championing.

A second area of major concern to me is the need to push even harder in our efforts to forge improved relationships with industry and to enhance our industrial base.

Our ability to achieve success in our programs is based upon a constructive partnership with a strong and healthy defense industry.

Of course, DOD must have an arms length relationship with industry. But it is important that we continue our efforts to reduce the adversarial aspects of our relationships. We need to promote the mutual advantages resulting from enhancement of our manufacturing and technologies base.

Last, the capstone for which the other initiatives are essential building blocks is the area of improving quality in all aspects of our defense mission with respect to all we make and do—I repeat, with respect to all we make and do.

I have fairly extensive experience in developing and leading efforts to effect cultural change within private sector organizations to institutionalize the approach to quality that results in higher quality, lower costs, improved productivity, and achievement of user satisfaction.

Quality, to me, is not merely doing it right the first time or the absence of defects, but really meeting user needs with respect to cost, performance, and durability. Very importantly, quality is not solely a concern of those working in manufacturing on the assembly line; it is an all important aspect of the efforts of management, as well as those whose efforts include planning, data, reports, information, contracts, et cetera. I refer to these as "knowledge workers."

To me, there is nothing that is not a quality issue. If quality in all that we make and do can be institutionalized over time within DOD, its contractors and its subcontractors, this achievement will be the most important way to ensure efficient use of scarce resources. Achievement of a quality culture change in DOD is one of Dr. Costello's prime thrusts. He has begun a total quality management initiative in DOD, and I am one of its strongest supporters and leaders.

You may know about many other initiatives, all of them important, that have been proposed by Secretary Carlucci and Dr. Costello. These are, of course, important to me as well.

I will continue to support and innovatively implement—accent "implement"—all key DOD plans and actions that add to the performance and cost effectiveness of the acquisition process.

In conclusion, I have found the work I am doing in DOD to be very interesting and challenging. I look forward to each day's efforts, hopeful that I can contribute to our country's defense.

If I am confirmed as Assistant Secretary of Defense for Production and Logistics, I will continue this approach to my responsibilities.

That concludes my statement.

Senator **Bingaman**. Thank you very much.

Let me ask a couple of questions.

First, could you describe, if you would, what you see as the principal duties and responsibilities of this new position?

As I understand it, there is no real current charter for your job, or at least if there is, I have not seen it. I would be interested in your description of what you see as the priority responsibilities that will consume your time.

Mr. **Katzen**. With respect to the existence of the charter and its status right now, Senator, such a charter has been drafted and is in the process right now of being circulated through the Department for final approval. Since most of the considerations within this charter lie within the responsibilities of Dr. Costello, it was not too complicated to sort out whatever questions might arise.

Hopefully the total approval and coordination process will be completed shortly.

The responsibilities of the position focus in the area of production and logistics and encompass areas of production support, procurement, logistics, systems in the sense of the management information systems by which the production and logistics functions do their business, the environment and environmental considerations with respect to the functions. I believe there is a group of six.

Let me not forget installations. I think that completes the list.

With respect to the prime focus in these areas, I have an action orientation. I work with Dr. Costello in generating the overall policies which are involved. My job is to see that these do not remain sterile reports on the shelf, but are in fact, implemented.

Senator **Bingaman**. Let me ask one more question and then I will defer to my colleague.

Senator **Warner**. Please continue.

Senator **Bingaman**. One thing I did want to ask about has some immediacy.

As you know, the committee, particularly our Subcommittee on Defense Industry and Technology, has had this Defense Industry Advisory Group, which has prepared a set of recommendations in 20 different areas that they would like us to consider. Some of them should be considered in their view for legislative action; some could be done administratively.

We have been circulating those. I know that we have gotten copies of those over to your office.

We are anxious to get DOD's comments back, and I think the timetable that we have been hoping for is that we would get those back next week at the latest.

Is it your expectation that that schedule can be met and that your office will be able to respond in that short period of time?

Mr. **Katzen**. My understanding was that there was an agreement made that this would be accomplished within the next week or two. I was given every assurance that that would be the case.

There has been a draft reply prepared which is being circulated. So I have some confidence that the date will be honored because much of the work has already been done.

Senator **Bingaman**: OK. Thank you.

Senator Warner.

Senator **Warner**. Thank you very much.

I have had the privilege of knowing the nominee for some time now. We have visited in our respective offices, and in my judgment, he is eminently qualified for this position and, of course, will have my support.

Mr. **Katzen**. Thank you.

Senator **Warner**. I am interested in reflecting back on our conversation which went back into our respective pasts. It seems to me you told me something about how this position would be the realization of a promise that you made to yourself a long time ago. I wonder if you might share that with us.

Mr. **Katzen**. Yes, I would be happy to do that, Senator. When I got out of school in 1942, and it seems like an awfully long time ago, my first position was as a design engineer at the newly opened Naval Air Development Center in Johnsville. At that point, as you will recall, we were trying to fight in the Pacific, and we were very, very poorly prepared. We had just taken over an aircraft factory, which was in disarray, with airplanes that did not work. In fact, we closed down that factory and we were using those airplanes to test crash barriers.

We were redesigning anything that we could get into the air, so that a pilot could fight with it.

We found that we had World War I vintage 30 calibre Vickers guns that we were putting on trainers to get out into the Pacific. We were killing people—young, good, fighting pilots—because we were not properly prepared.

At that point I remember saying to myself, "If ever I am in a position, I am going to help, to see what I can do that that should never happen again."

When I got my first phone call from Marybel Batjer, asking if I would be interested in working at the Pentagon, the very first thought that went through my mind was of those days, which had left an absolutely indelible impression on my mind. I will never forget them.

I said well, this is my chance to serve. How about that? I am finally being given an opportunity to do something about it.

I felt that my whole life has really been a preparation for this job, for this opportunity to serve, and I am very thankful for it.

Senator **Warner**. With that type of incentive, you will succeed. I thank the Chair, and I wonder if I might submit additional questions for the record.

Senator **Bingaman**. You surely can.

Senator Thurmond, did you have a statement or any questions at this time of the witness?

Senator **Thurmond**. No.

I just want to say that I think the witness is well qualified to fill this high position. I congratulate him on being willing to serve.

Out in the business world he can make a lot more money, but he would not get nearly the satisfaction that he would in serving here with less money because he is serving his country.

You cannot do anything better than serve your country.

Mr. **Katzen**. That's right.

Senator **Thurmond**. I congratulate you and wish you well.

Mr. **Katzen**. Thank you, sir.

Senator **Bingaman**. Let me ask a couple of other questions.

One of them deals with the problem of duplicative oversight. This is a subject that we hear a lot about from industry.

I think at least one of the proposals that the industry advisory group has come up with relates to this.

Do you have any thoughts as to structural changes that we could make within DOD to reduce the repeat oversight and auditing, the investigations that seem to plague us? I think we have sort of built group after group and I do think our contractors perhaps have a legitimate complaint about too many auditors in their offices.

Mr. **Katzen**. Senator, I agree 100 percent with your view that there is too much auditing and too much conflict with regard to auditing oversight and other types of oversight.

I have heard this from the DPAC, the Defense Production Advisory Committee, in executive session only yesterday, with people from the Aircraft Industries Association, and also within DOD itself, from both the military and civilian side of the house.

In this regard, we have a group working together right now, among them the Comptroller, the Inspector General and Dr. Costello's office, to see what we can do to come up with a program that would reduce this type of oversight and make some suggestions regarding legislative changes, if necessary.

However, we find that in most cases, perhaps within DOD, we might be our own worst enemy, and that primarily what we need is a review of our own regulations, starting from what I would call a whole baseline of zero, to relook this. That is what we are trying to do first.

Senator **Bingaman**. Do you have a timetable for this group to come up with conclusions or recommendations?

Mr. **Katzen**. Yes, we do.

I am tying this into an overall look at a total base, the industrial base initiative. This is included within that particular category.

I have given the industrial base initiative a very broad look. We hope to have some specifics early next summer.

Senator **Bingaman**. Let me ask about this industrial base initiative. This is what Dr. Costello last year began holding meetings on around the country.

What do you see as the end product from that? Is that something that we are going to see result in legislative proposals, in internal administrative proposals?

My real concern on this is that we are running out of time in this administration.

Mr. **Katzen**. That's true.

Senator **Bingaman**. I am just wondering if we are able to go ahead and bring it to enough of a conclusion that we can actually implement anything, or if we are just essentially going to complete a report and turn it over to the next administration.

Mr. **Katzen**. No. I hope not.

I am a very action-oriented person, Senator. It is my hope that in the industrial base category of problems that we are pursuing we will be able to institutionalize some of these positive change aspects before the end of this administration.

Senator **Bingaman**. Are there any ideas or any changes that you anticipate making in the direction of that industrial base initiative that Dr. Costello has been pursuing?

Mr. **Katzen**. No.

Dr. Costello certainly has the right idea, from a total view of what we all have in mind.

My role in this has been to add some thoughts to that initiative but also to organize it in such a way that we can develop comprehensive action plans springing from these strategies so the strategies do not just sit there by themselves.

Senator **Bingaman**. Let me ask about manufacturing processes. This is a subject, again, whenever we get to discussing the problems with our defense industrial base, that creeps up.

One of the points which is repeatedly made is that we have given way too little attention to manufacturing processes; that we are always focused on product technology and we are not focused on process technology.

Accordingly, we get great inefficiencies in our defense industry.

I guess I am particularly concerned because the budget which the administration sent us a few weeks ago does not reflect any great concern about this problem. We tried last year to authorize a fairly significant defense manufacturing initiative, and we got it authorized, but we did not get it appropriated.

This year it does not seem like there is a whole lot of interest on the part of the administration in pursuing this or at least in giving any resources to it. Maybe they give lip service to it, but no resources.

I just wonder what your thoughts are, if there are things that can be done in that area, again, considering the shortness of time.

Mr. **Katzen**. I believe there are, Senator.

I think the problem, again, is being able to quickly get to specifics that should be done in this area. Maybe the fuzziness in people's minds concerning those specifics has led to some question. I don't think it is the administration's position not to support this. Perhaps everyone should be coming up with a better idea of what specifically should be done.

My goal—it is not just my goal, it is what I am going to do—is to try to turn from the strategies in the manufacturing area to those specifics.

One of the things that we are doing, by the way, in terms of actions to date, is this. Bob McCormack, who is Deputy Assistant Secretary for Production Support, has just hired a very competent person to head up and focus our efforts in the manufacturing area. In addition to that, we are going to create—actually, we have approval, but we are in the process of creating—a Defense Manufacturing Board which will be very similar to the Defense Science Board.

To date, we have approval for the creation of the board, and we have in mind a chairman who would be absolutely outstanding, if we get his acceptance. We have three or four members already selected, and we will probably select three or four others.

This will take some time. But it will be an absolutely fantastic resource to be used to implement the kinds of things that you are questioning.

If we can come up with better programs to implement, we will have fewer problems, I believe, in finding the money to do it.

Senator **BINGAMAN**. Let me ask you a question about a fairly esoteric subject, but one that we spend a lot of our time on around here.

We are now considering the reauthorization of the Office of Federal Procurement Policy. As I understand it, we have a dispute going up here, at least on the House side, between the Government Operations Committee and the Armed Services Committee as to whether this Office of Federal Procurement Policy should be given increased regulatory authority.

Would you give me your present understanding of the relationship of this Office of Federal Procurement Policy to DOD and whether there are changes needed in that relationship if the present arrangement is a problem?

Mr. **KATZEN**. Well, to date I have not been too close to that particular arena, but I have been present at a lot of meetings where this has been discussed and have some opinions that I certainly could articulate for you.

I believe that the reauthorization of the group should be continued. The question is the degree to which they gain additional authority.

Coming from industry, I have found that if you separate authority from responsibility to perform, you have a lot of problems.

So, the question is not the existence of the activity, but the degree to which they might exercise authority in areas which they do not have responsibility for performance.

Senator **BINGAMAN**. OK. Let me ask you about another subject that we would like to begin to understand up here, which we do not yet really understand. I would be interested in your general thoughts on it.

This subject is how do we react or how should we react to the defense industrial policies that some of our allies have developed?

We do not seem to have comparable policies. Let me give you a few examples.

First, there are offsets. As I understand it, when defense contractors in this country want to sell to the British, for example, Boeing wants to sell AWACS to the British, they are required to agree to a 130-percent offset.

Now, I am not critical of Boeing for agreeing to that in order to sell the planes. But I am wondering if it makes sense for us as a country, and for our Government, to just stand by idly and have no policy, no position and no concern about that situation. That is one example.

The FSX that the Japanese are pursuing is another example, where I think there is clearly a defense industrial policy that is driving their decision to go forward with a great deal of that production.

There are other examples that I could give you as well. But that is the cluster of problems which I think a lot of us are worried about. We don't know exactly how to deal with them, and most of the folks that we have talked to in industry seem to think that these are things that should be left to the free market.

The problem is that we are not talking about a free market.

If you have any thoughts, I would be interested in hearing them.

Mr. KATZEN. Yes, Senator.

This, incidentally, is also one of the key subjects that I have placed under the overall umbrella of my definition, anyway, of industrial base, one of the issues which we are considering.

My general feelings are that this is very much a function of each individual activity to which it would be very difficult to apply very general legislation. This is not to say that we may not have some recommendations.

But, as you deal on a worldwide basis—and I have extensive experience in international business—we are really operating in a worldwide market. We expect people to buy things from us and, in return, they expect us to buy things from them.

Their technology in some areas is better than the technology we have, and we have technology in some areas which is better than that of some of our friends overseas. All of these things have to be weighed with regard to offsets.

You could also argue that maybe at the end of the year we ought to add everything up and it should kind of balance out. This is another one of the issues we are considering.

So we are actively considering this as part of our industrial base look, and, again, we hope to have some recommendations.

Incidentally, we have also asked DPAC, the Defense Procurement Advisory Council, to take a look at this with one of their subcommittees.

Senator BINGAMAN. Senator Dixon has taken a very active interest in the whole issue of the defense industrial base.

Mr. KATZEN. Yes, I know.

Senator BINGAMAN. Senator, do you have a statement or some questions? I have been questioning and grilling the witness here for many minutes now, so go ahead.

Senator DIXON. Thank you, Mr. Chairman.

I have a statement which I will put into the record, if you don't mind.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today we consider the nomination of Mr. Jack Katzen to be Assistant Secretary of Defense for Production and Logistics. Mr. Katzen is currently serving as Deputy Assistant Secretary of Defense for Systems and has a distinguished record in private industry and Government service.

I introduced the legislation that created the Office of Under Secretary of Defense for Acquisition, and I strongly support the efforts being pursued by Dr. Costello. The position for which Mr. Katzen has been nominated is critical to improving the defense procurement process and the readiness of our forces.

As chairman of the Readiness, Sustainability and Support Subcommittee, I am very concerned with the state of readiness of our front line troops and the quality of logistic support provided to them. I believe that the operations and maintenance budget was reduced too much by the appropriations process last year. I am pleased that Secretary Carlucci has recommended some growth in this area. However, the resources that are provided must be used in the most effective and efficient way to improve the quality of our military forces.

Mr. Katzen appears to be well qualified for this position. I look forward to hearing Mr. Katzen's views.

Thank you Mr. Chairman.

Senator DIXON. Mr. Katzen, I hear what you are saying about offsets and have no particular quarrel with that. But it seems to me, on the basis of the little I know, which is certainly not as much as you know about the subject matter, that some of it is getting out of hand. You know, when you give a 130 percent offset to a foreign country, I consider that absurd.

The evidence that I see is that we are being used again, that we are giving more than we are getting.

Now, I cannot think of a place where they abuse the cliches more than here. For instance, "the level playing field" may be the most overused terminology in the Congress of the United States. I am guilty of using it, and I expect the Chair is.

I don't recall any Senator ever making a speech where he did not refer to the "level playing field."

But isn't it a fact, really, that the offset thing is out of hand? I don't have any problem with accommodating our allies or friends or anything that you see as the central thesis to your testimony about the fact that some people do some things better than we do. That is a matter of record by now, I would expect.

But are we giving this our real attention and trying to figure out a way to balance the equities here and so forth?

Mr. KATZEN. I think if you look back through everything I have ever said or written, you would find that I have never used that expression, "the level playing field."

Senator DIXON. Well, then, I'll tell you something. You are going to be enshrined some day. If you have never used the expression, you have a great future in America.

Mr. KATZEN. As I said, this is a big consideration. We are looking at it, not, again, on a single instance basis, but on a balanced basis. It is an extremely critical issue.

Senator DIXON. Sure.

Mr. KATZEN. We have advanced it from a single issue to tie it to our entire industrial base consideration. That is one of the things that I have done.

Senator DIXON. Good.

Mr. KATZEN. I have come from a bunch of "catch as catch can" kind of initiatives and put them under one major heading and given a definition to an industrial base thrust, which I think is a plus. We will at least know what it is that we are chasing.

This remains to be one of the key issues.

I do not have the answers now, but we are pursuing this, you can be sure, Senator.

Senator DIXON. Well, none of us has the answers, and thank God there are people around like you who will admit it as well.

But I'll tell you that the legislation that I have introduced on the defense industrial base and legislation—have I introduced it yet, Charlie?

Mr. SMITH. Not yet, no.

Senator **Dixon**. Actually it is legislation that I have prepared and not yet introduced on offset questions. This is sort of a final kind of digest of all the thought processes many of us have gone through for a long time.

Believe it or not, that defense industrial base bill that I introduced is about the sixth or seventh draft. You know, we started with what was just a "buy America" first type thing, which was obviously protectionist and would not work. I kept on sending it back to the drawing board.

All I am saying to you about the DIB question and offsets is that the actions I am taking are to excite discussion and comment and intelligent thought, so that we might find the areas of agreement between the Department of Defense, the Congress, and others who are concerned, and is not at all the final authoritative response to the problem.

I hope you do understand that.

I noticed a comment in one of the periodicals, an inside newspaper, "Inside the Pentagon," where they kind of enter into a refutation of all my points in that bill.

Now that certainly does not bother me. I have been in politics for a long time and it is fairly hard to offend me by now.

But I thought it was interesting because it was almost implicit in the rejections of some of my points that either you were doing it now or we ought to be doing it or it can be done without legislation.

The only thing I would ask you, Mr. Katzen, and Dr. Costello—and, incidentally, I admire him greatly, and the Secretary, also who I think is certainly starting in a way that has pleased those of us on the jurisdictional committees in the two Houses—is that you look at it, study it, and see whether there are some things that can be done.

I am frank to say that I sometimes think that, while it is always nice to say that we can do this all within the Department, quite frankly—and I say this as a Democrat—history has shown that sometimes the Department and the administration are not as concerned as this administration is about our military capability.

I would ask you to look at it in this light.

While I am not going to ask you your opinion of my bill, I would ask you, Dr. Costello, and others there to look at it and at your convenience to suggest things that you think are appropriate modifications.

In the end, I am sure it will be people like the chairman of our subcommittee, the distinguished Senator from New Mexico, and myself and others, who would all do it together, if we are going to do something. It would not be one person's bill.

I would think it would be reflective of the excellent thoughts that we would receive from people like you, Dr. Costello, and Secretary Carlucci and others.

Would you give that your careful analysis and let your staff people talk to my staff people about it?

Mr. **Katzen**. Senator, yes is the answer.

But, in addition to that, you will find that I am kind of a proactive person. I realize that there has to be a very close relationship between what DOD does and the people who have to support the country with respect to the law.

Very often, what we need is help in that area. The way I look at this is that we have an obligation to work with you. We have the same goal in that respect.

Senator DIXON. Good. I appreciate your saying that.

Another thing that kind of amuses us about this whole question is this. Shortly after I introduced my bill, my staff came to me with a highly critical article from a Canadian newspaper about what a terrible thing the Defense Industrial Base bill is, how it is so awful and it will hurt Canada and all that sort of thing, and then some of their news media called and wanted to interview me. Coincidentally with that, I got another article from a Canadian newspaper where the equivalent of our Secretary of Defense in their system was saying we have to have an Industrial Base bill for Canada. I always find this so very, very interesting.

You know, I would be the first to say there is no better friend than Canada. Canada, Israel, the U.K., countries like that. Obviously we would want to keep open our ability to do business with those fine nations. They have been our allies in every struggle that we have had in modern times.

I just want to make that point. Other countries look at this same thing and we are concerned about their surge capability in a time of national crisis.

Without any criticism of you or anybody else there, I would like us to have some sense of history about this and what others might do later.

I would appreciate it if you would look at it in that view.

Incidentally, one of the things I have run into—and I want to make this my final question and I appreciate your accommodation—is that I was one of the people very much involved, and the distinguished chairman here was another, in the Competition in Contracting Act that developed over a period of time, some years ago. We are getting some criticism about parts of that. Some people are saying that they believe it has had an adverse effect on the time it takes to produce new weapon systems.

I wonder whether you could tell me what steps you think should be taken to improve the acquisition process in the future without sacrificing reasonable competition.

Mr. KATZEN. First, I am a firm believer in competition. I think before we do anything else, we should look in house. Internal regulations and conflicts should be explored to their utmost before we look at the legislation. This is what we are doing.

On the other hand, competition just for the sake of competition does not make sense either. We are insuring that the competition that we support is a competition that is going to provide us maximum quality, the lowest cost, and get things done on time. That really is what this is all about.

Senator DIXON. I want you to know that you come well recommended. You are a man of excellent reputation, and I am delighted to have the opportunity to question you.

I might just make this observation, Mr. Chairman. We are at the end of a certain era, the era of President Reagan, as we come to the last year.

I cannot refrain from observing that if this is the "transitional team" in the Department of Defense, what I see is probably as strong and fine a group of people as I have ever seen. I think it is a great tribute to the understanding of this administration for that transitional process, that people like you, Dr. Costello and Secretary Carlucci, and people whom I think are unparalleled in reputation and understanding of our problems are willing to accept these responsibilities in a time when the future administration's leadership is at least, I think we can all admit, rather beyond prediction by any of us.

I thank you for your cooperation.

Mr. KATZEN. Thank you very much, Senator.

Senator BINGAMAN. Let me just conclude the hearing by saying that we do have another hearing on March 29, to which I believe we have invited you, to discuss some of these industrial base and defense trade issues in a little more depth. We will also have some other witnesses from the administration coming in.

I think the concern which Senator Dixon and all of us have had is that there seem to be many instances where in our dealings with our allies, our inclination is to always put our national security concerns first and any kind of economic concerns second.

This is fine, except that our allies seem to have it in reverse. They gain, as a result of that, economically, and I think there are many instances where we, in order to maintain a cooperative working relationship in the defense sector, have come out on the short end of the stick, as far as the economic tradeoffs go. I think that has been our concern.

We will have a good chance to discuss that on March 29.

We look forward to having you back at that time.

If you have anything else to say, we are glad to hear it. If not, we will just conclude the hearing, and we will certainly urge the chairman to take action very quickly on your nomination.

Mr. KATZEN. I appreciate that, and I thank you, Senator.

Senator BINGAMAN. I am sure you will be favorably acted upon.

[Questions submitted for the hearing record with answers supplied follow:]

QUESTION SUBMITTED BY SENATOR JEFF BINGAMAN

USE OF NONDEVELOPMENTAL ITEMS

Senator BINGAMAN. Mr. Katzen, the Packard Commission recommended that DOD buy existing commercial products when it is practical. DOD's report on removing regulatory impediments to acquisition of nondevelopmental items has been criticized by two industry associations, the Council of Defense Space Industries Association (CODSIA) and the Commercial Products Acquisition Team (COMPACT), who have submitted reports to DOD identifying regulatory impediments to acquisition of commercial and nondevelopmental items (NDI). Please provide the committee with your analysis of the COMPACT and CODSIA reports, and identify which of their recommendations have potential for implementation by DOD.

Mr. KATZEN. The COMPACT and CODSIA reports make good recommendations and observations. The DOD has taken steps to further the mutual effort of increasing the use of commercial practices and products in defense acquisition. We've included the recommendations of these associations and the problems expressed are of great concern to the Department. Several other initiatives are underway.

We've revised the Defense Federal Acquisition Regulation Supplement to reflect a preference for nondevelopmental items (DAC 86–6). DOD Directives 5000.1 and 2 for major and nonmajor defense systems were revised in September 1987. DOD Directive 5000.37 on commercial acquisition procedures and DOD Directive 5000.43 on acquisition streamlining are nearly finalized. A NDI handbook is being prepared and the Defense Systems Management College has incorporated an assessment of NDI in courses for program managers and acquisition personnel. These are regulatory reform initiatives that we can do now but if we are to fully capitalize on the benefits of using commercial practices and products we will need help from Congress. The DOD and OMB are working on developing the administration's position on proposed legislation that will foster more commercial style contracting. Our efforts are focused on proposing a simplified commercial contracting code that would allow the Defense Department to use commercial style buying practices.

We've done several things to encourage the use of commercial practices, like setting up test centers urging contracting activities and industry to explore new contracting methods more in keeping with commercial practices. The required use of central supply systems has been relaxed to encourage local market purchases of off-the-shelf type items. DOD has undertaken an effort that would require significant reduction in the use of military specifications when industry standards are available. This effort is in addition to canceling military specifications and replacing them with nongovernment standards or simplified commercial item descriptions (CID). To date more than 4100 nongovernment standards and 2700 CID are in use in the Department.

The efforts described above are steps toward implementing, as quickly as possible, our regulatory reform, streamlining, and simplification initiatives. We expect to see full implementation of these changes within the next 12 months.

QUESTIONS SUBMITTED BY SENATOR JOHN W. WARNER

COST REDUCTION IN DEFENSE PROCUREMENT

Senator WARNER. Mr. Katzen, you have laid great stress in your opening statement on the need for cost reduction in defense procurement. You mention acquisition streamlining as one means to cut costs. What specific acquisition streamlining measures do you feel can be realistically implemented on defense production contracts?

Mr. KATZEN. Acquisition streamlining is directed at reducing the time and cost of weapon system acquisition, and to improve quality. Streamlining has evolved significantly since its inception in the Department and is being applied to improve the definition of weapon system performance requirements; to increase the effectiveness of the application of specifications, and data; and to improve acquisition strategies and business practices. Under streamlining, program managers have been given greater latitude to develop innovative (streamlined) acquisition strategies, and defer the imposition of military specifications, standards and detailed "how-to" contractual requirements until industry has been able to recommend the most cost-effective approaches.

Acquisition streamlining is being applied to all new weapon system acquisition programs. A survey completed in 1987 of 30 acquisition programs indicated that streamlining is having a significant impact on eliminating and tailoring specifications, standards and data; facilitating the introduction of nondevelopmental items; and reducing acquisition time. As part of our streamlining efforts we have conducted a review, in conjunction with industry, to identify, outdated and cost driver military specifications, standards, and related documents for updating or cancellation. We are also enhancing streamlining policy to encourage early analysis and trade-off's of weapon system cost and performance to help identify system requirements that represent the best value. Streamlining has become an integral element of our total quality management efforts which is based on the recognition that our quality begins with a well defined set of requirements.

REDUCING PRODUCTION COSTS

Senator WARNER. One means of reducing production costs is by increasing productivity under the DOD Industrial Modernization Incentives Program (IMIP). This program allows defense contractors to make proposals to the Department of Defense to increase productivity and reduce production costs and to share in the cost savings on follow-on contracts. Representatives of industry have criticized the fact that the review process under the IMIP program is much to cumbersome and that this is a disincentive for industry participation. What are your views on the effectiveness of the IMIP program? How can we expand its use?

Mr. KATZEN. Our experience with the defense contractors that have used IMIP is that while it is a very useful tool to increase efficiency and reduce costs, the most significant contribution is the improvements in the quality and reliability of the products that we are buying. The new technologies nearly always produce products that have less variation and the positive impact of a controlled process influence activities outside the immediate area of the IMIP. I have already described the importance that I place on quality and I believe that industry recognizes IMIP as one of the methods by which they can improve their ability to deliver quality products. We see this in contractors utilizing IMIP in many ways within their own operations and in their lower tier suppliers.

The disincentive that has been brought to your attention is a necessary part of the program. When a company enters into an IMIP agreement, there must be a factual basis for providing a productivity savings reward. Both a financial and technical review is necessary to establish the basis of the reward. A thorough understanding of the projected efficiencies, discounted cash flow models and other factors are necessary before we can enter into the business agreement with the contractor.

Where IMIP is used it is effective. We are trying to improve on it through increased awareness of the benefits available when IMIP is used in combination with other policies that have a similar goal. Working with industry in a constructive partnership will increase the utilization of this effective tool at prime contractor facilities that have not yet participated and in the lower tier companies.

IMPROVING RELATIONS WITH INDUSTRY

Senator WARNER. You mention concerns about the government-industry relationship. Our committee has received a great deal of evidence on the deterioration of this relationship over the last 3 years. As a result, Congress has had to insert itself to an even greater degree in the process and we have been under enormous pressure to further micromanage defense acquisition. What concrete initiatives do you intend to put into place for improving the dialogue between government and industry?

Mr. KATZEN. There has been a general concern that an unproductive adversary relationship has been fostered by recent events affecting defense procurement. The defense industry is essential to national security. Industry must substantively improve its operation while DOD must act predictably and fairly.

Our focus has been on improving communications with industry, encouraging improved business practices by industry and encouraging balanced defense contracting policies. Some key components of our plan are as follows:

ASSESS CURRENT CONDITIONS OF RELATIONS WITH INDUSTRY

Industry and government personnel have been interviewed to define the areas of unnecessary friction between the two and recommend means to allow effective communication between DOD and industry to minimize legislative solutions to these problems. Existing groups, such as the Defense Policy Advisory Committee on trade (DPACT), will be used to encourage more effective communication with industry.

ASSESS CUMULATIVE IMPACT OF REVISED CONTRACT POLICIES

Using cash flow modeling techniques our study determined to what extent the ability of the industrial base to sustain national defense objectives has been affected by the combined policy effects of type of contract, special tooling and test equipment, progress payments, and profit. The study shows policies, especially reduction of progess payment rates, have had a significant impact on contractor's return and are being used to modify policies where appropriate.

DEVELOP PROFIT POLICY FOR PROFESSIONAL AND TECHNICAL SERVICES

DOD worked closely with the Professional Services Council to create a better balance between capital investment incentives and the labor incentives of the professional and technical service industries. The Professional Services Council performed an extensive study and offered a number of recommendations which were ultimately adopted by DOD in the final policy. This cooperative effort with industry representatives resulted in a more effective policy with the final rule published August 1987.

REVIEW OF UNCOMPENSATED OVERTIME ISSUE WITH INDUSTRY

DOD is working with representatives of the Professional Services Council to resolve industry's concerns relative to uncompensated overtime. Some industry representatives allege that DOD encourages the practice of contractors bidding uncompensated overtime for certain employees on professional and technical service government contracts. DOD is currently gathering and reviewing data on specific contracts where industry believes that companies quoted high amounts of uncompensated overtimes. Upon completion of the review, DOD will meet with Council representatives to discuss its findings and determine whether regulatory coverage is needed.

STRENGTHEN THE ROLE OF THE CONTRACTING OFFICER

In December 1987 the Secretary of Defense directed that the Department's policy on contract audit followup (DODD 7640.2) be revised to eliminate any perception that the authority of contracting officers was being restricted. Representatives from USD(A), DODIG, the Services, DLA, and DCAA have reached agreement on necessary revisions to the directives. A revised directive is being coordinated within the Department.

PREVENT USE OF FIXED-PRICE CONTRACTS FOR RISKY DEVELOPMENT PROGRAMS

Many observers, including the Packard Commission, concluded that in recent years DOD has sometimes placed too much cost risk on industry by executing risky development programs by means of fixed-price, rather than cost type, contracts. New policy statements were needed to restore a better balance in this area and ensure that the choice of contract type created a fair apportionment of cost risk between contractor and government. Revised DODD 5000.1 containing a statement on this matter was issued in September 1987 and USD(A) memo on this subject was sent to the Service Acquisition Executives in December 1987.

ASSESS EXTENT OF DUPLICATIVE IN-PLANT REVIEWS

USD(A) directed in June 1987 that on-site DOD personnel screen out government duplicative requests. Major defense industry associations have been asked to select 10 member firms to track reviews for 6 month period to assess extent of duplication. The Inspector General is cooperating in this reviews and appropriate policy changes will result.

ENCOURAGE CONTRACTOR SELF GOVERNANCE ACTIVITIES

The DAR Council promulgated rules for contractors to establish ethics programs implementing Packard Commission recommendation on Self Governance. The final rule was published September 1987.

DOD will continue to emphasize a balanced policy with central acquisition policy for uniform application by the services. Services are not precluded from innovation but policy changes must be consistent with principles of fairness and good business practice. Industry must resist temptation of trying to solve differences through legislation, which then becomes tomorrow's problems. DOD will continue to promote the proper working relationship with industry through a continuing dialogue on general and specific issues.

AUDIT AND OVERSIGHT DUPLICATION

Senator **Warner**. We have heard frequently from industry that the amount of oversight and audit of their internal operations has increased exponentially in the last 3 years and that supporting these audits and reviews has been a significant cost driver in corporate overhead rates. Last year, the Department of Defense issued regulations designating on-site contract administration personnel as the control point to reduce duplicative reviews of contractor operations. This has been criticized as a very small, inadequate step because such on-site personnel are not in a position to deny requests to visit contractor facilities from any headquarters operations higher up in the command chain.

As everyone seems to agree that this is a serious problem, what additional steps do you intend to take to solve it?

Mr. **Katzen**. We do not view the designation of on-site contract administration personnel as the control point to reduce duplicative reviews as the solution to the duplication problem. It is only one of numerous steps which the Department has already taken or will be taking to solve the problem. The primary purpose of this procedure to enable on-site personnel to determine if information needed by the visitor is already available within the Government; if it is, the visitor will be referred to the Government office where the information is located. As a matter of fact, this particular remedy was recommended by the Senate Armed Services Committee in a report issued last May related to the fiscal year 1988–1989 Defense Authorization Act.

Some of the other steps which have been taken to remedy the problem include raising the threshold on preaward reviews and audits, requesting contracting officers to refrain from obtaining contractor cost or pricing data when not required by statute, and assigning the responsibility for contractor compensation reviews to one agency within the Department. A joint Procurement/Inspector General/Comptroller review is also underway of 18 areas where the Packard Commission alleged that duplication had occurred; recommendations for revised procedures are currently being staffed and additional recommendations to eliminate duplication are being developed. We are also working on a new initiative which provides explicit criteria for contractor internal control systems to meet; if a contractor's internal control system is adequate based on period spot checks of the system, audit and oversight in the verified areas will be reduced.

USE OF NONDEVELOPMENTAL ITEMS

Senator **Warner**. Mr. Katzen, in 1986, the Congress passed a law (10 U.S.C. 2325) mandating a preference for so-called nondevelopmental items in the procurement of equipment and commodities for the Department of Defense. Nondevelopmental items are commercial products or other items for which the Department of Defense will not have to fund research and development costs. In your view, what is the scope for the use of nondevelopment items to meet Defense Department needs? What steps is the DOD taking to implement Congress' intent in 10 U.S.C. 2325?

Mr. **Katzen**. We see the potential for using nondevelopmental items (NDI) ranging from pure off-the-shelf products to those for which some degree of ruggedization or minor modification is necessary to meet DOD needs. The first category includes a wide range of products such as common household items like food products and lawnmowers, electronic test equipment, computers, navigation radios, and even weapons like the nine millimeter handgun. We have had several successes modifying existing equipment for DOD use. Perhaps the best example is the Army's Commercial Cargo Utility Vehicle (CUCV). The CUCV is a Chevy Blazer with modifications including camouflage paint, blackout lights, a slightly beefed up suspension, and a few other minor changes. We bought 60,000 of them over 5 years, at about 30 percent off list price, even with the modifications. We are also exploiting opportunities to integrate NDI components into a single system such as with the Mobile Subscriber Equipment, the Army's field radio system that is now in the process of initial fielding. This area generally requires some development and testing to assure that the integration meets DOD needs.

So the scope is extemely broad, with potential for saving money and time to fielding, and for providing latest technology and high quality equipment to the field.

The Defense Department has taken a number of steps to promote the use of NDI. We've issued two policy statements (DODD 5000.1 and DODI 5000.2) to ensure NDI are considered when developing the acquisition strategy for major and nonmajor programs. In addition, a DOD Directive specifically addressing NDI issues is currently being coordinated. The Defense Supplement to the Federal Acquisition Regulations (DFAR) was revised to give impetus to NDI acquisition. The revision requires use of NDI to the maximum practicable extent as well as a description of the market research performed to identify NDI alternatives. Increasing our usage of NDI depends on the program managers and related personnel responsible for developing acquisition strategies. Along these lines we're preparing a handbook that provides procedures for NDI acquisitions and examines the benefits and risks associated with using NDI. The handbook is currently being coordinated. To increase the awareness of NDI issues, courses offered by the Defense Systems Management College to program management and acquisition personnel assess the implications of NDI acquisition.

We feel our technical documentation can also be used to promote NDI acquisition by improving the way we communicate our requirements to industry. We're implementing recommendations of the Packard Commission and Defense Science Board by emphasizing the use of nongovernment standards and commercial item descriptions instead of military specifications. A recently issued military standard places a higher priority on nongovernment standards and commercial item descriptions than on any other technical documents except those required by law or regulation.

Finally, we're looking at our buying practices to see if they can incorporate commercial buying methods. Comments from industry concerning facets of our procurement process believed to restrict our ability to buy commercially are being evaluated. We're also exploring whether we can use more Multiple Award Schedules to satisfy materiel requirements. This type of acquisition method is promising because it allows a buying activity to "comparison shop" by examining price lists and catalogs from several suppliers before selecting the item to buy.

ACQUISITION MANAGEMENT IN DOD

Senator **WARNER**. In 1986, Congress established a new framework for systems acquisition management in the Department of Defense known as the Defense Enterprise Program. Under this concept, a program manager is less encumbered by reporting and regulatory requirements. In some cases, Defense Enterprise Programs have been provided milestone authorizations for increased funding stability. What lessons have been derived thus far from DOD's experience with this concept? Do you foresee greater use of this concept by the services in the future?

Mr. **KATZEN**. The Department of Defense has designated 10 acquisition programs as Defense Enterprise Programs. The military services currently are examining the acquisition regulations and will provide recommendations to the Under Secretary of Defense for Acquisition as to which regulations could be eliminated for such programs. Congress has approved milestone authorization for four programs to date. Depending on the success of streamlining on those programs now underway, the Department may expand this concept when sufficient experience is available.

[Whereupon, at 2:10 p.m., the hearing was adjourned.]

[The nomination of Jack Katzen was reported to the Senate by Senator Sam Nunn on March 22, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on March 23, 1988.]

NOMINATION OF WILLIAM LOCKHART BALL III, TO BE SECRETARY OF THE NAVY

MONDAY, MARCH 21, 1988

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 2:05 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Kennedy, Dixon, Shelby, Warner, Thurmond, Humphrey, Cohen, Quayle, Gramm, and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Christine C. Dauth, chief clerk; Marie Fabrizio Dickinson, assistant chief clerk; Gerald K. Bankus, Robert E. Bayer, John J. Hamre, George K. Johnson, Jr., Ronald P. Kelly, James R. Locher III, David S. Lyles, Norman G. Mosher, Frederick F.Y. Pang, Mark B. Robinson, and Ann Elise Sauer, professional staff members; Pamela G. Powell, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Henry D. Sokolski, and Karl H. Stegenga, assistants to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; Samuel J. Routson, assistant to Senator Symms; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman Nunn. The committee will come to order. I'm going to begin today by recognizing Senator Strom Thurmond. Senator Thurmond is one of our most valued members and he is about to have to depart on an airplane. Senator Thurmond, I defer to you.

Senator Thurmond. That's mighty nice of you, Mr. Chairman. I appreciate it. I just want to say that Mr. Ball is a native South Carolinian and the third Secretary of the Navy of this administration. It is clear that we have saved the best for the last.

He received a bachelor of science degree from Georgia Tech in 1969, the home of our distinguished chairman, and served for 6 years after as a regular officer in the Navy. He has had practical experience as well as filling those positions. I would like to note that his first assignment was aboard the U.S.S. *Sellers* in Charleston, SC. So don't you forget Charleston when you become Secretary of the Navy.

He served with distinction on the staffs of former Senator Herman Talmadge, one of the ablest Senators we've had here, and John Tower who served as chairman of this committee in a very able manner. He has received several high marks from all concerned for his skillful service as Assistant Secretary of State for Legislative and Inter-Governmental Affairs and for the job he has done as Assistant to the President for Legislative Affairs.

He has a difficult task ahead but I know he will do it, he has done everything well so far. He is a man of character and ability. He is a true patriot. He is a man of ability and dedication and we are proud of him. I am very pleased that South Carolina will have the new Secretary of the Navy. I'm glad we've gotten some appointment under this administration anyway.

Mr. Chairman, I thank you very much, and if you will excuse me now. If you take a vote you can vote me twice for him this afternoon, and it you don't I'll be here when you vote tomorrow. Thank you very much, Mr. Chairman.

Chairman Nunn. Thank you, Senator Thurmond.

Senator Thurmond. Mr. Ball, I want to congratulate you on this appointment and I know you'll do a fine job. Again, we want to acknowledge Senator Talmadge who is here. I understand he is going to testify we're delighted to have him and his lovely wife here. He is one of the ablest Senators I have served with in the 33 years I have been in this Senate and we're honored to have him come back to the Senate again. Thank you very much.

Chairman Nunn. Thank you, Senator Thurmond. I would like to extend also my warm words of welcome to Will Ball. Will is well known to this committee from his many associations with us. He had two tours on the committee staff. I have known Will since his days with Navy legislative affairs, way back before he even went to work for Senator Talmadge. That was in the early 1970s, and I believe also, Will, that your wife Patty is here. Is that correct?

Mr. Ball. Yes sir.

Chairman Nunn. Patty, would you hold up your hand? We welcome you, we're delighted to have you. It is also my great pleasure to extend a warm welcome to my former colleague, senior Senator from Georgia when I came to the U.S. Senate, my good friend Herman Talmadge. Herman we're delighted to have you and your lovely bride Linda with us today. Thank you for coming.

STATEMENT OF HERMAN TALMADGE, FORMER U.S. SENATOR FROM THE STATE OF GEORGIA

Senator Talmadge. Thank you very much, Mr. Chairman. I appreciate this opportunity of appearing before the committee today in behalf of Will Ball, who has been nominated for Secretary of the Navy.

I first knew Will in 1973. At that time he was a lieutenant in the Naval Reserve assigned to Washington in the liaison section of the Navy. He informed us that he was shortly completing his naval service and was looking for a job.

Prior to that he had already volunteered to answer mail during the Vietnam era, which was swamping our office. At about that time he went to work for us as one of our legislative assistants. After about a year in that department he left us and went to work for Senator Stennis on the Armed Services Committee, and due to one of the many reforms a position paying a little more opened up with Senator Tower.

So he went to work for Senator Tower for a time and then in 1978 he rejoined our staff as administrative assistant and served with distinction until I left the Senate in January 1981. In 1981 he went to work for the Senate Armed Services Committee as chief clerk, and by 1982 was asked to be the administrative assistant to the chairman, John Tower. He served in that position until Senator Tower retired in 1984.

Secretary of State George Shultz saw the talent that was available in Will and asked him to serve with him as Assistant Secretary of State for Inter-Governmental Affairs. In this position Will got to know all of the members of the Senate and they in turn learned of his intelligence and integrity, which Senators Stennis, Tower, and myself had already known first hand.

Just before joining Secretary Shultz, Will married a lovely young lady named Patty Adkins, and is now the father of two daughters. And as you can see, the third child will be joining the Ball clan soon.

In the spring of 1986 the President took notice of Will's activities and sought his services as his assistant in charge of relations with the Congress. He has served our President with great distinction and outstanding ability. The President has now asked him to serve in yet another important position as Secretary of the Navy, a return to where he was when he first volunteered to work in my office at night after a full day's work, nearly 15 years ago.

The President, the Navy, this committee and the Nation cannot ask for a more dedicated, loyal and trustworthy individual. In my judgment the first prerequisite for an outstanding Secretary of the Navy is character. Will Ball has that in abundance. The next criteria in my judgment is patriotism. He has that in abundance. He joined the peace time Navy as a volunteer in the Naval Reserve and reached the rank that he now holds of lieutenant commander. I told Will, as an old Navy man, being promoted from lieutenant commander to Secretary of the Navy at one time is a pretty big step up.

He has a high degree of intelligence, he is willing to work. In our office we went to work about 7 a.m. in the morning and usually worked until whenever we got through with the mail, sometimes at 7 p.m., sometimes later, and frequently 7 days a week. Will was always on deck, usually before I was, working hard.

He has a high degree of diplomacy, which is absolutely essential in a position like Secretary of the Navy. He will be dealing with the White House, with the Congress, with the Armed Services Committees of the House and Senate, with the budget bureau, and he will be dealing with a lot of admirals, some of them with big egos. To handle a job like the Secretary of the Navy under those difficult pressures will require a good deal of diplomacy.

I unhesitatingly recommend him to this committee and if he is confirmed by you, and the Senate I feel that the Navy will be in good hands. Thank you for letting me return to testify before you here today.

Chairman NUNN. Thank you very much, Senator Talmadge, and I'd say the ultimate compliment for a Georgia Tech man, although Senator Talmadge played that part down, Will Ball did go to Georgia Tech and to be introduced by a University of Georgia alumni, a Bulldog like Herman Talmadge, is a great compliment.

Senator TALMADGE. We don't hold his going to Georgia Tech against him, Mr. Chairman.

Chairman NUNN. We have several other distinguished guests in the audience today. We have Mr. and Mrs. Rogers Wade, if you will hold up your hand. We are delighted to have you, Rogers. I know Rogers was administrative assistant to Senator Talmadge just prior to Will.

We also, I believe, have Rhett Dawson. Either Rhett was here, Rhett where are you? We're delighted to have you here today. Rhett was the staff director of the Armed Services Committee when Will was the Chief Clerk. So we welcome all of you to today's proceedings.

Senator John Tower, Will's boss when he was staff member of the committee, had hoped to be here today. Senator Tower notified me that he is teaching a class today at Southern Methodist University. He sent a statement. Senator Warner, do you have that?

Senator WARNER. I do, Mr. Chairman.

Chairman NUNN. Would you like to submit that for the record? We also have Congressman Buddy Darden here today. Buddy, I don't see you, where are you? We're delighted to have you. Buddy is a good friend of Will's and one of our outstanding Congressmen from Georgia.

Will Ball has served his Nation in the executive and legislative branches, both in uniform and as a civilian. He has worked in and with the Congress in a variety of key jobs to include his services as assistant Secretary of State for Legislative and Inter-governmental, Affairs and as assistant to the President for Legislative Affairs. I think this experience will serve him well as he takes the helm of the Navy at a time when it must navigate some rough budgetary shoals, to say the least. As a former navigator on the destroyer U.S.S. *Sellers,* I am confident that Will will guide the Navy well.

Will's success is pretty well assured I think as Secretary of the Navy since he was born in South Carolina, schooled in Georgia, drenched in the hot water in the Navy, and he dried off in hot air on Capitol Hill. So that's quite a combination, Will. And the fact that you have so many of your former employers here I think speaks very well about what they think of you and your past, as well as your future career.

Senator Warner, do you have comments at this point?

Senator WARNER. Thank you very much, Mr. Chairman. Having some knowledge of that office (as I spent 5 years there), I know that while it is a political appointment it is essentially, as it should be, a non-political activity. Our national defense should be totally non-partisan and through the years the Department of Defense has been operated that way.

I say to my good friend, Senator Talmadge, given the fact that he went from Talmadge to Tower, from Tower to Talmadge, and back to Tower, this would indicate an ability to perform his duties in a non-partisan, way. Would you say so, Senator?

Senator TALMADGE. I would, and include Senator Stennis in that category also. He worked for him.

Senator WARNER. And to balance that off of President Reagan we ought to go one Republican, one Democrat all the way along. What is his basic political philosophy, Senator Talmadge? [Laughter.]

Senator TALMADGE. I think his basic political philosophy, Mr. Chairman, is the Flag of the United States of America.

Senator WARNER. Well, that's settled. Thank you. Mr. Chairman, we have a letter from our former chairman of this committee, the distinguished senior Senator from Texas, John Tower, who as you said regrets that a present duty in Texas prevents his being present today with this distinguished nominee, Will Ball III. Submit the letter for the record.

[The letter referred to follows:]

MARCH 21, 1988.

Hon. SAM NUNN,
Chairman,
Hon. JOHN WARNER,
Ranking Minority Member,
U.S. Senate, Committee on Armed Services, Washington, DC.

DEAR SAM AND JOHN: I regret that a pressing duty in Texas prevents my being present for the confirmation hearing of William L. Ball, III, to be Secretary of the Navy.

Will Ball is qualified in every respect for the enormous responsibility he has been asked to assume. Through my years of association with him, he has performed every duty assigned him with diligence and persistence. His quick grasp, his ability to marshal facts and make decisions have made him one of the most effective and respected public servants in government. He brings a high degree of intelligence and good judgment to all his endeavors. As an added dimension, his years of experience with the Congress, along with the respect for the institution, will assure a close working relationship with the Hill.

I would respectfully urge my former colleagues on the Committee to act favorably and expeditiously on his appointment.

Sincerely,

JOHN TOWER.

Senator WARNER. I would like to read a portion of the letter:

> Will Ball is qualified in every respect for the enormous responsibility he is asked to assume. Through my years of association with him he has performed every duty assigned him with diligence and persistence. His quick grasp, his ability to marshall facts and make decisions have made him one of the most effective and respected public servants in government. He brings a high degree of intelligence and good judgment to all of his endeavors. As an added dimension his years of experience with the Congress, along with his respect for the institution of the Congress will assure a close working relationship with Capitol Hill.
>
> I would respectfully urge my former colleagues on the committee to act favorably and expeditiously on his appointment. John Tower.

Mr. Chairman, I think Senator Talmadge summarized it in one word. This man has great character, coupled with experience. We have known him for years, we have worked with him, we admire him, and he steps in at a time that is critical in the history of the Navy. This Nation is a maritime nation and it is dependent upon maritime supremacy for its survival.

Unfortunately, you come here as the result of the resignation of Jim Webb, a man who is greatly admired by this committee. As I allude to later, Jim Webb's parting comments to the people of this country about the urgency to move on with modernizing our Navy and maintaining a Navy second to none in the world should be a guidepost for you in your role as the new Secretary. I congratulate you, you have my support.

Chairman NUNN. Thank you very much, Senator Warner. Senator Cohen, I believe you wanted to be recognized?

Senator COHEN. Yes, briefly, Mr. Chairman. I wanted to say two things. I noticed how diplomatic you were by talking about the fact that Mr. Ball will have to deal with admirals, some of whom tend to have big egos. I notice you excluded members of the Senate from that category, so I wanted to compliment you on that.

Senator WARNER. Also Marine Corps generals. He has both departments.

Senator COHEN. Second I want to say, in spite of Mr. Ball's handicap of his birth place and his educational deficiencies by going to Georgia, that he did have some redeeming features in having served on a Bath-built ship. So I know that that experience has compensated for whatever deficiency we might see in his background.

I have known Will Ball since he served on the committee both with Senator Stennis and with Senator Tower. It has been said about him that he talks slow but he thinks fast——

Senator GRAMM. That's true of everybody.

Senator COHEN. Well it is true of Mr. Ball. I'm not quite sure if it's true of my friend from Texas, he does both. He thinks fast and talk fast as well. But I want to say that I have enjoyed the experience of working with you. I have always found that you have been sensitive to the needs of the members on the Hill, and I think that's a great attribute.

Senator Warner just referred to some of the parting comments of Secretary Webb, one of those being that perhaps the Secretary of Defense or others spend too much time on Capitol Hill. I think it's important that you know what the feelings are on the Hill, and I believe that based upon your past experience you will be a very effective Secretary of the Navy.

I regret that I can't stay for the remaining of the hearing, Mr. Chairman, but I intend to support Mr. Ball's nomination.

Chairman NUNN. This is turning into a Will Ball testimonial here. I don't know whether we should let the witness speak or not. Any other members want to be recognized at this point?

Senator GRAMM. Mr. Chairman, let me say that I have known Will Ball in many different capacities. I know that he is from South Carolina. I know that he learned how the Congress works from Senator Talmadge. I know that he had a stint over at the State Department, but I believe he escaped that experience relatively unscarred.

But I obviously feel a closeness to Will Ball because of the fact that he was Senator Tower's administrative assistant. I worked with him in that capacity. I worked with him in his work at the White House. I think it's fair to say that at least in my opinion no one has ever held the job of Special Assistant to the President for Congressional Affairs who has done a better job than Will Ball.

I think having a Secretary of the Navy that knows how the Hill works, that has a working relationship with the people on the Armed Services Committee, and the people in Congress in general, is going to be very valuable. And quite frankly I am strongly for Will Ball. Obviously from everything that has been said he is going to be confirmed, and I look forward to working with him.

Chairman NUNN. Thank you very much, Senator Gramm. Will, you can speak in your defense now. We're delighted to have you.

[The nomination reference of William L. Ball III follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
March 14, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

William Lockhart Ball III, of South Carolina, to be Secretary of the Navy, vice James H. Webb, Jr., resigned.

[The biographical sketch of William L. Ball III, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF WILLIAM L. BALL III

William L. Ball III was born June 10, 1948, in Belton, South Carolina. He attended public schools in Spartanburg, before enrolling at the Georgia Institute of Technology in Atlanta, Georgia, in 1965. He received a Bachelor of Science degree in Industrial Management from Georgia Tech in 1969.

Following graduation, Mr. Ball was commissioned a regular officer in the United States Navy, where he served three years aboard the guided missile destroyer USS Sellers (DDG-11), followed by three years of service at the Navy Department in Washington.

In 1975, Mr. Ball was released from active duty and began service on the United States Senate staff in the office of Senator Herman Talmadge of Georgia. From 1975 to 1976, he served as legislative assistant for national security affairs to Senator John Tower of Texas, after which he served Senator Tower as a professional staff member on the Senate Armed Services Committee.

In 1978, Mr. Ball was appointed Administrative Assistant and Staff Director for Senator Herman Talmadge, who at the time was Chairman of the Senate Agriculture Committee. When Senator Talmadge left office in 1981, Mr. Ball was appointed Chief Clerk to the Senate Armed Services Committee by Senator Tower, the Committee Chairman. He then served for 3½ years as the Senator's administrative assistant until January of 1985, when Senator Tower retired from the Senate.

In 1985, Mr. Ball was appointed by President Reagan and confirmed by the Senate as the Assistant Secretary of State for Legislative and Intergovernmental Affairs. In March, 1986, he assumed his current position on the White House staff as the Assistant to the President for Legislative Affairs.

Mr. Ball is married to the former Patricia Adkins of Memphis, Tennessee, and they now reside with their two daughters, Sarah and Clare, in Washington, D.C.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by William L. Ball III in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
William L. Ball III.

2. **Position to which nominated:**
Secretary of the Navy.

3. **Date of nomination:**
March 11, 1988.

4. **Address:** (List current place of residence and office addresses.)
Home: [Nominee responded and the information is contained in the committee's executive files.]
Office: The White House, Washington, D.C. 20500.

5. **Date and place of birth:**
June 10, 1948, Belton, S.C.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married to Patricia Adkins Ball.

7. **Names and ages of children:**
Sarah Lockhart Ball, age 2; Clara Alice Ball, age 10 months.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Spartanburg High School, September 1962–June 1965.
Georgia Tech, September 1965–September 1969, B.S.
American University, January 1973–May 1973.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

February 1986—present, Assistant to the President, The White House, Washington, DC.

January 1985—February 1986, Assistant Secretary of State, George P. Shultz, Washington, DC.

July 1982—January 1985, Administrative Assistant, Senator John Tower, Washington, DC.

January 1981—July 1981, Chief Clerk, Senate Armed Services Committee, Senator J. Tower, Washington, DC.

January 1978—January 1981, Administrative Assistant, Senator Herman Talmadge, Washington, DC.

March 1977—June 1978, Professional Staff Member, Senate Armed Services Committee, Washington, DC.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

U.S. Naval Reserve (Inactive).

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

John McCain for Congress, 1984, $100.00.
Larry Combest for Congress, 1984, $200.00.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Navy ROTC Scholarship to Georgia Tech, 1965–1969.
Navy Achievement Medal, 1972.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

I have given a number of speeches over the past 5 years regarding various legislative matters but not from prepared texts.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I can only say that I brought my interest in this nomination to the President's attention through his Chief of Staff upon learning of Secretary Webb's resignation. I then discussed the position and my qualifications briefly with Senator Baker and Secretary Carlucci. In my subsequent discussion with the President before announcement of his intent to nominate me, he did not volunteer why I had been chosen and at that point I did not ask.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My background in public service began with 6 years in the U.S. Navy and continued with 10 years on Capital Hill on the Senate staff, much of which focussed on naval and military matters. Subsequently, I have been privileged to serve in the Reagan administration as an Assistant Secretary of State and at the White House as an Assistant to the President. I hope that this combination of service in both the executive and legislative branches will afford me the depth of experience and qualifications that the committee considers necessary for this appointment.

18. **Commitment to testify before Senate committee:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: William L. Ball III.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all finanical arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will ~~not be~~ available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

WILLIAM L. BALL III.

This 14th day of March, 1988.

STATEMENT OF WILLIAM LOCKHART BALL III, NOMINEE FOR SECRETARY OF THE NAVY

Mr. **BALL**. Thank you, Mr. Chairman. I'll make just a few remarks if I may. I want to thank you, Mr. Chairman and members of the committee, for hearing me today. I know you have a busy schedule with a lot of enormous issues on the committee's plate at this juncture of the year, and I appreciate your cooperation and the committee staffs cooperation in scheduling this hearing today.

I am, of course, grateful to the President for nominating me to this position of responsibility in our Government. I would like especially to thank Senator Talmadge for being here today with me and for his very generous remarks. Senator Talmadge, in addition to being a superb politician, in my life, was a great teacher, a historian, a philosopher of sorts. I want to thank him for his patience with me when I was in his employ.

Senator Howard Baker tells a story that his father at one time in his career, came to him at a difficult moment and said, "Son, I was a young man once but I recovered from that." And Senator Talmadge demonstrated that sort of patience when I worked for him some 10 years ago.

Though he couldn't be here with us today I do want to thank Senator Tower for the opportunities he gave me 11 years ago to work for him, and in persuading Senator Stennis to give me a chance to serve here on this committee staff.

It is for me a special privilege to appear in this historic room where the key decisions that have guided our national security programs over the post war period have been weighed and debated; and, where the core of continuity resides as administrations, Republican and Democratic, have come and gone and uniformed leaders have come and gone in our Nation's history. That is of special value and that is part of the special responsibility that resides here with this committee.

In my preparation I have reflected on how the Navy and the Marine Corps came to where they are today, to a level of preparedness we would scarcely have thought possible 10 years ago. This committee has played a central role in truly a remarkable turn around, and we have seen quantum improvements achieved in the capability and readiness of our forces that are deployed today around the globe.

And so it is that having come a long way since 1978, the decisions we make this year will determine the programs and technologies that will take shape in the forces to be deployed 10 years hence in 1998. And that brings me to the concluding point that it would be my hope, if confirmed by the Senate, to help make those critical decisions in ways that avoid the mistakes of the past, that steer us toward protecting and not neglecting our number one asset, our well trained and resourceful people; and also, to improve our ability to adapt and manage the changing technologies of today into forces we can deploy with confidence and pride tomorrow.

If we do that correctly then future Presidents will have what they must have to protect our vital interests around the world, as this President has been able to do with the support of the Congress and the American people. Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Mr. Ball. I'm going to ask two or three questions. We will have a 6 minute reel here so that everyone will be able to ask questions.

We have had a number of controversial and I would say some inherent problems with the Navy promotion process in the last few years. We look to the Secretary of the Navy and the senior Navy officers as ensuring the integrity and objectivity of that promotion process, and the men and women in the Navy look to the Secretary as being a guardian, I think, of fairness and objectivity in terms of promotions. Would you like to speak on that subject? We would like to get your views.

Senator WARNER. That is men and women of the Navy and Marine Corps. I think that's important.

Chairman NUNN. Men and women of the Navy and Marine Corps.

Mr. BALL. I would like to speak to that, and I think your choice of words is precisely correct. I do recognize that in this position, if confirmed, I will serve in several ways as the guardian of the selection process. Indeed, as one who must ensure that the integrity of the selection and promotion process is maintained at all times.

I don't think that there is anything that is more central to the role and capabilities of the future Navy and the future Marine Corps than ensuring that our leadership is carefully selected and that the criteria applied to that selection process are the correct criteria. So I respect the point you have made and I certainly am in agreement with that.

Chairman NUNN. This committee spent a lot of time on the Defense Reorganization Act, and of course we had disagreements as we went along. We had some disagreements in the executive branch, but now the act is law. What is your view toward implementing that act in terms of its legislative intent?

Mr. BALL. Mr. Chairman, I have had an opportunity to review, at least initially, the progress that has been made in the implementation of that act. I have spoken with several members of the Navy leadership about the plans to implement the requirements of that act. I think it is safe to say that the Congress has the full and complete and undivided attention of the Navy and the Marine Corps as to the important fundamentals which went into the writing of that act.

Clearly, there are some areas that the CINCs, who have appeared before the committee, have pointed out they would like to see revised. I have discussed in the Pentagon certain technical areas and requirements that the Department of Defense will be discussing with the committee and other committees over the course of this year. But, it is certainly central to the ability of the Navy and the Marine Corps to operate, given the requirements that face us today, that we recognize why those requirements were put into law and why certain of those statutory initiatives were taken.

Chairman NUNN. Senator Warner already alluded to your predecessor Secretary Webb, and he was held in high regard in this committee. I have not talked to him at any length since he departed, but obviously with the publicity surrounding his departure he had some very difficult, I suppose, choices to make. The Secretary of Defense and the Secretary of the Navy didn't come to the same conclusions on some of the budgetary priorities.

We still have a large amount of money that has to be cut out of the 5 year defense plan to meet the current fiscal guidance coming from the President of the United States. How do you intend to go about trying to set priorities in the Navy? Do you have any priorities in mind now? Do you have anything you would like to share with us in terms of the way you will go about trying to set those priorities in working with the Secretary of Defense and the President and the Congress?

Mr. BALL. Mr. Chairman, I firmly believe that as we go through this very difficult time that it is important that we keep in mind the protection of our number one resource that I mentioned earlier, that is our well trained people. And that we take the steps necessary to protect the readiness and sustainability of our forces which are deployed today. It is clear, I know from the testimony that the committee has already received, that our forces today are as ready as they have ever been and that our levels of training and the equipment provided to our units is exceedingly good.

We still have, of course, several major modernization programs that are under way and not yet funded. But it occurs to me, and I think this is the judgment of the Secretary of Defense as well, that our priorities should be to number one, protect our people, number two, ensure that we maintain the high level of readiness we have today and not go back to some of the problems that we saw in the 1970s, and third, that to the maximum extent possible, we pursue our acquisition strategy at efficient rates of procurement, which is a subject that this committee has addressed and forcefully spoken to in its report.

So those are three criteria that I think should be uppermost in our planning.

Chairman **Nunn**. What will be your attitude if you are overruled by the Secretary of Defense in terms of budgetary priorities recommended by the Navy? How would you go about that, not from a substantive point of view but from a procedural point of view?

Mr. **Ball**. Well, I've talked to him about it. I've already had occasion to meet with him two or three times privately about some particular issues. And I would make it my business to take as forceful and persuasive a case as I can to him as to the requirements of the Navy and the Marine Corps. I'm sure the other services in this particular budget environment will have similar problems and difficulties. This is not an easy process but I feel it would be incumbent upon me to make the best, most straightforward argument that I can on the basis of what the Navy and the Marine Corps do every day.

Chairman **Nunn**. Thank you. Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. Mr. Ball, I will read a short sentence from the letter that Secretary Webb forwarded to the President. He said, "I can only conclude that the decision to reduce the level of our fleet to a point where it may never reach the 600-ship goal was motivated other than by military and strategic reasoning". My research includes a dozen editorials and so forth on this subject. I think we ought to straighten the record out.

As far as I know from my conversation subsequent to the Webb resignation with the Secretrary of Defense, Mr. Carlucci, and with the senior members of the NSC and the White House staff, there has been no decision to not reach the 600-ship Navy goal. Is that correct?

Mr. **Ball**. Yes sir, that is correct. And since that time the President has reaffirmed his view that 600 ships is a goal that has been stated for some time and should remain our goal.

Senator **Warner**. Although it will probably be reached at a later date than we had anticipated, if confirmed, do you intend to pursue that goal?

Mr. **Ball**. If I might comment, you used the phrase military and strategic reasoning. I think if the Joint Chiefs were here they would tell you, if that was the sole criteria on which we were basing the overall size of our Navy, strictly on military and strategic reasoning, the Joint Chiefs have estimated our Navy should be on the order of 800 ships.

The 600-ship Navy goal is a goal which has several bases. And those bases include, first, of course, our geography; we are an island nation. Second, we are a nation that depends heavily on alliances around the world and those alliances are with nations upon whose maritime forces we, as an allied nation, must rely. Third, we must take into account of course, the Soviet threat. And those are the three criteria which determine the type of the mix and the proportions of naval forces that go into our objective.

We have lent a great deal of emphasis to composing a naval force structure around 15-carrier battle groups——

Senator **Warner**. And you adhere to that force structure, 15-carrier battle groups?

Mr. **Ball**. Fifteen carrier battle groups, 4 battleships, 100 nuclear powered attack submarines, approximately 100 anti-aircraft AAW destroyers and cruisers, amphibious lift ships to build us toward the capability of having one full marine expeditionary force and one marine expeditionary brigade.

Senator **Warner**. Let me return to the question of the level of ships, and refer to a Washington Post editorial on February 24, 1988, entitled "Webb Resignation." It states that the Navy, if anything, needs to cut back even more. It is still not clear that it will have enough money to man and operate all the ships that are being built.

We are concerned about the ability of the Navy to maintain adequate manpower levels. What is your view on this?

Mr. **Ball**. Yes, sir. I think there is a misunderstanding as to the ability of the Navy to recruit and retain people to man its ships. We have been able to do that. In the past several years, we have had great success in our recruiting programs and in our retention programs, though at this critical juncture we do face some difficulties on the horizon with respect to retention, that I'm sure the committee is familiar with, in certain key areas.

That is why we must be especially careful at this juncture about taking steps that would be perceived among our sailors and our marines that our considerations for their well being has in any way diminished.

Senator **Warner**. Of course the Navy, by virtue of being a seagoing service, encounters family separation at a much higher level than any of the other services. The inability to maintain a normal family life is the primary reason that young men and women leave early their careers in the Navy. And "people" is a subject that I hope, generally speaking, you will focus on as the highest of priorities.

Mr. **Ball**. Senator, this morning I was reviewing some statistics; I can't remember the exact episode but I was given the statistic that one of our aircraft carriers, I believe it was the *Independence*, several years ago on a deployment spent 247 days out of 265 days at sea. I asked if there was any way to find out how many of our well trained, highly capable technicians who were serving on that ship and endured that kind of deployment, had stayed in the Navy.

Those kinds of burdens or family separation are exactly the sort of thing that we hope not to go back to. We were certainly, as a nation, guilty of expecting more of our Navy in the 1970s, in terms of meeting commitments, than our Navy was equipped to deal with efficiently. And, we paid some prices back then. We sent ships out and extended them from 6 months, to 7 months, to 8 months, and there are certain costs associated with that. And I think, in several respects, we are still living with those costs.

Senator **Warner**. Mr. Secretary, your two predecessors in office, Secretary Webb and Secretary Lehman, are to be admired for their ability to speak out. Of course, you have to maintain a respectful and close relationship with the Secretary of Defense; nevertheless, there are times when I feel that it has to be the job of the Secretary of the Navy to speak out due to the uniqueness of the Department of Navy. I hope you're prepared to assure this committee that you will do that when you feel it becomes necessary.

Mr. **Ball**. I am indeed.

Senator **Warner**. I thank the chairman. My time is up.

Chairman **Nunn**. Senator Dixon has a prepared statement for the record.

[Prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today we consider the nomination of William Lockhart Ball III, to be Secretary of the Navy. Mr. Ball, if confirmed, will be taking the helm of the Navy at a very difficult time.

The President has recently submitted a fiscal year 1989 Defense budget that meets the constraints agreed to in last year's budget summit. This budget halts the increases in real growth for the armed services. The services are currently preparing their fiscal year 1990 program objective memorandum. They will then prepare a new 5-year defense plan. Both of these efforts will result in significantly reduced funding for the Department of Defense. It is critical that the senior civilian and military leadership of the Defense Department develop and execute cost efficient and effective programs that satisfy the fundamental service mission to provide an adequate national defense for this country.

We have heard testimony before this committee that the readiness of our forces is at an all time high. As chairman of the Subcommittee on Readiness, Sustainability and Support I am of course pleased to hear that we have made progress in these areas. I am, however, concerned that we do not repeat mistakes of the past. We cannot let infatuation with fancy, expensive weapon systems deter us from our basic goals. Readiness is the key to our war fighting capability. We must not decimate our operations and maintenance accounts to beef up the procurement accounts. I will continue to support the right kind of acquisition programs. They must be well managed and cost effective. Hard choices will have to be made. I would hope that the services would strive for interoperability and commonality of systems to reduce costs further.

I would hope that Mr. Ball is prepared to meet the challenges that he will encounter in the year ahead. I look forward to working with him on these critical issues.

Thank you, Mr. Chairman.

Chairman **Nunn**. Senator Dixon.

Senator **Dixon**. Thank you very much, Mr. Chairman. May I say it looks very obvious that Mr. Ball enjoys substantial support on this committee. I am delighted about that. I regard him highly, I think he is a very highly qualified man. But I would like to ask you some questions, Mr. Ball, that concerns me.

First I would like to make this observation. As chairman of the Subcommittee on Readiness, Sustainability and Support I do have some concerns about our readiness and sustainability situation and frankly with respect to some of the things the Navy has done in the past. Some of us disagree with the substantial investment in homeporting and a variety of other things of that kind that have been major issues in the Congress in recent years.

One of the things that troubles me is that for the last 2 years the Congress has refused, for budgetary and other reasons, to fund any part of Project Pronto. It keeps on coming back, and it's back again this time, and in my subcommittee we're going to have a very substantial problem with respect to necessary cuts. I believe the total amount contemplated by the Navy is something like $480 million, about a half a billion dollars. Is that correct?

Mr. BALL. I'm not sure of the exact figures for that program, Senator, but I will certainly check that.

Senator DIXON. Would you take a fresh look at the Navy's proposal with regard to Project Pronto? A lot of us think that it is an unnecessary expenditure and that there are some compromises that could accommodate some of the naval needs without undertaking such an elaborate plan.

Mr. BALL. I will do that.

Senator DIXON. For your information I hope you know that for instance just this last time the conferees between the two Houses concerning this subject matter said, and I quote, "The conferees do not believe that embarking on another major relocation initiative such as Project Pronto is prudent. The perspective funding levels suggest that the Congress may be unable to responsibly fund both the homeport program and Project Pronto. Beyond the issue of affordability the conferees remain unconvinced of the need to relocate the entire Aguano support complex to Capua." And I would like to suggest to you that is the feeling of this Senator as chairman of the subcommittee and I would appreciate your careful evaluation about this.

I also asked others the other day about this homeporting question. With the size of the Navy diminishing, homeporting remains the same. I am told there is even some ambitious thought about expanding the homeporting concept. I would like to ask you to review that. I'll be asking you more about that in my subcommittee.

I want to thank you for your consideration of those points and tell you how pleased I am about the President's choice of William Ball to be the next Secretary of the Navy. I will be delighted to support the confirmation of Mr. Ball.

Mr. BALL. Thank you.

Senator DIXON. I thank the Chair.

Chairman NUNN. Thank you, Senator Dixon. I believe Senator Symms, you are next.

Senator SYMMS. Thank you, Mr. Chairman. Mr. Ball, I welcome you here to the committee and look forward to seeing you confirmed as the Secretary of the Navy. I just wanted to ask you on the record about one issue. Would you not agree with me that having to cut out 16 frigates and three infantry battalions of marines is getting past the point of cutting out the fat and we're literally cutting out the muscle and the bone of our naval sea power forces by having to do this?

Mr. BALL. Senator, it's clearly not fat. Indeed, the elements that you refer to, are part of our force structure and we don't like doing that. I'm sure there are no uniformed leaders that would tell you they like to take cuts in force structure. I have spoken about this to the Commander in Chief of the Atlantic and the Pacific as well as to the CNO and the Commandant. The Secretary of Defense doesn't like it, and as the President said when this budget was submitted to Congress, he doesn't agree with all of the priorities that are reflected in that budget.

But nevertheless, in the interest of living up to the bipartisan budget agreement we have had to make some very, very tough choices.

Senator **Symms**. I appreciate the position you are put in, and you have to do the best you can with what you get from the Congress. But I do think that people like yourself and people like Admiral Crowe and others who are in positions of leadership in the U.S. military simply have to tell the American people, when they get the opportunity, the truth is that the Soviet threat is getting worse, not less every day. They are building quieter submarines and more of them, all across the board, carriers, improved aircraft, improved guidance systems on their air to air missiles and on their surface to surface missiles and so forth.

So the threat is getting worse, and by Congress failing to have the correct set of priorities—in other words we expand non-defense spending and cut defense spending, we are increasing the risk of some kind of a conflict at some point in time in the future with our adversary the Soviet Union. And the American people need to be told that.

So I would just encourage you when you get out around the country as Secretary of the Navy that you just lay out the truth to the people so that they can in fact give us the support here in the Congress, those of us that are trying to establish the right set of priorities in my view which is that we should not allow our defense budget to be driven by budgetary concerns. It should be driven by what the threat is to be sure we can guarantee security and peace and freedom.

So I hope that you will do that. You will have my support if you can do that.

Mr. **Ball**. Thank you. If I could just respond briefly, Senator. This is the fourth consecutive year of real reductions in our overall national defense program. And you are exactly right, the impact of that does entail additional risks and we have to be very clear and concise in our definition of those risks. We have to recognize them.

And if, for instance, the program that this committee recommended to the Senate last year were in place today as opposed to the program necessitated by the bipartisan budget agreement, then clearly there would be fewer risks that we would be facing at this juncture. But it's a fact that not all Members of Congress agree with the assessment of the priorities that the membership of this committee has offered in the past. I will certainly be quite mindful of that in everything I do.

Senator **Symms**. Well, I watched Admiral Crowe last night on "60 Minutes" and I thought he said it very well. He just laid it out. He said people need to realize that the risk is worse, and he's not against trying to have meaningful arms reductions and so forth, but he said that we are putting ourselves at risk. And it isn't what happens this year but it's 3 or 4 or 5 years down the road.

And that is exactly what is happening, you know, when you start cutting out infantry battalions and frigates and losing pilots and other skilled professional personnel because of lack of an optimistic career path where they are not convinced that the American people care about whether or not they're on active duty, because of the reflection of nonsupport out of the Congress. I think it concerns me and I think that it is a flag that needs to be waved out there to the American people so they will realize what the risks are.

Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Symms. Senator Exon.

Senator **Exon**. Mr. Chairman, thank you very much. Mr. Ball, welcome to you. I want to tell you and the chairman and the members of the committee that I am enthusiastic about your nomination as Secretary of the Navy and will actively support you in this endeavor. I believe that we are going to have a good working relationship with you as Secretary of the Navy.

We have got our work cut out for us in a whole series of areas and I hope that you will be, and think you will be, as forthcoming as Secretary of the Navy as you have been as a key aid to the President. I am looking forward to seeing you in that position.

Having said all those good things, I have some questions to ask of course. Regardless of how you answer them I'm still going to vote for you for Secretary of the Navy. The Commanders of the Atlantic and the Pacific Commands both were in here and testified on the budget. They both identified antisubmarine warfare as their number one priority. Do you agree with their assessment? Are there any changes that you would like to recommend now which you will consider making with regard to the Navy's antisubmarine warfare master plan to assist the Navy in their war fighting capabilities?

Mr. **Ball**. Senator Exon, I have not—first of all I am in emphatic agreement with the testimony given by the CINCs as to the priority that we should attach to antisubmarine warfare, and likewise the priority given to that effort by the CNO. I have some deep seated interest in that issue, I was an ASW officer as a junior officer in the Navy many years ago.

It is clear that if we examine the areas in which the Soviet threat is becoming more serious, if we examine where they are putting their priorities, if we pay careful attention to the Soviet forces in which they are investing more sophisticated technology, more money, it is in the capabilities of their submarines. We must be exceedingly diligent in monitoring and assessing it, and ensuring that we structure our forces for the future to deal with it.

So, I fully share the emphasis that is the basis of your question and certainly the ASW program. The ASW effort will receive my careful attention and support. I have not reviewed in detail the ASW Master Plan at this juncture but will certainly be one of the first things I will do if confirmed.

Senator **Exon**. Thank you, Mr. Ball. I simply want to emphasize that I agree with the commanders that keeping the sea lanes open is our first priority. As important as the rest of our naval missions are, antisubmarine warfare is an area where we just dare not let down, especially with the improvements that we have seen in the Soviet submarine forces.

I'm going to ask you about another subject now that we talked about when you were in to see me a few days ago. Senator Warner and I will definitely be on the floor this week raising some questions publicly about the matter that we discussed with regard to the Canadians wishing to acquire our nuclear submarine technology that we share with only Britain. The Canadians are trying to get into an arrangement with regard to the British providing them with nuclear submarines and some training.

There have been many other discussions with them regarding why don't they work into this gradually. They want to go into it as a crash program. There are some serious concerns in this area with regard to the safety, and what that might do to the whole nuclear submarine program. Certainly before any arrangement is made on this, which seems to be about to happen, the Congress should review it. I have talked to several people about this including the Chairman of the Joint Chiefs and the general consensus I obtained was well, is that this is a political situation that we don't see how we can stop.

The Congress has a role to play in this because as you know it is into the law that nothing like this can happen if the Congress wants to stop it. There are some of us that want to know a great deal more about this than we know right now, including Senator Warner and myself and others that I have mentioned. I think it would be very appropriate if you would give us what views you have on this subject before you become Secretary of the Navy.

Mr. **Ball.** Senator, let me mention that I understand that the Canadian Defense Ministry has first of all put together a white paper that sets forth a number of areas where they wish to improve their forces. At the outset let me say that having reviewed that effort, the Navy is exceedingly high on the concept of the Canadians investing more in certain areas, such as maritime patrol aircraft and the construction of new frigates and other areas where we have a good and strong relationship, and we feel that those kinds of initiatives are going in the right direction.

The Navy does have some concerns, and I've not had an opportunity to speak with everyone in the Navy who would have an interest in this yet, but the Navy leadership does have some concerns about sharing nuclear power technology which members of this committee are very familiar with.

The ultimate decision on this question I imagine will be made by Congress. Prior to there being any decision taken by the administration I am sure there will be a healthy review of all aspects of this. There are political questions involved, there are also military questions involved, and that will be, I'm sure, extensively discussed before a recommendation is taken to the President.

Senator **Exon.** Thank you. My time is up. I congratulate you for your comprehensive statement on this. I would simply say to you that I want the word now to be carried publicly that, as we have told yourself and other members of the administration in confidence, that there are members of the Congress who are very much concerned about this. We're going to be asking an awful lot of questions and we would hope that before any formal agreement is entered into by the administration that they hold up a while.

Thank you very much, Mr. Chairman.

Chairman **Nunn.** Thank you, Senator Exon. Senator Humphrey.

Senator **Humphrey.** I don't know who is right in the lamented dispute between your predecessor and the Secretary of Defense, Mr. Ball. I'm not taking sides in that dispute. But I do feel that those who argue for force reductions in the face of continuing real declines in defense appropriations have a very strong case. I certainly argue that case, for whatever it's worth.

You're only going to be certified as Secretary I guess for the balance of this year. I hope it will be longer than that for more reasons than are just personal to you. But in any event, as one who has been on this committee for 10 years and saw the devastation caused in the 1970s and early 1980s by under funding and the attempt to stretch resources to cover all bases until we had, as someone said a hollow force structure. I surely hope we're not going to repeat that.

Times are tough, but it would be a terrible mistake in my view to try to play hero, as the military often try to do including the civilian supervisory structure, try to play hero and cover all bases with fewer and fewer resources. That leads to disaster, not only practically speaking but politically speaking as well.

We will never restore or build the consensus for the kind of defense spending we need commensurate with our multitude of obligations around the world until the people see the real effects of these cuts. If you disguise them by playing hero you're not helping the military and you're not helping us who believe that we ought to be spending more, allocating more in defense. A bit of philosophy there at the outset.

Turning to another matter. I have been trying to arrange an appointment with you prior to today and we just haven't been able to work it out, and I regret that because I would have preferred to have discussed this matter with you in my office. But nonetheless, I want to focus for a moment on submarine overhauls.

It is a very expensive process, hideously expensive process. Submarine overhauls are basically a custom procedure. Because in the past we have had so little standardization in our submarine fleet, the overhauls of these largely non-standard submarines do not lend themselves to efficiency. They are largely custom overhauls.

However with the advent of the 688 class of which we're supposed to have, I don't know what the latest number is given all these cuts, but I think it's in the vicinity of 90, that will be a very large class of highly standardized submarines, the overhaul of which will lend itself to much more efficient procedures than in the past.

All of this leads to focus for the moment on a submarine overhaul facility which is not actually in my State but in which a great many of my constituents work, it's in Bill Cohen's State, the Portsmouth Naval Shipyard. They have, starting with one of your predecessors, Secretary Lehman, we had the Navy committed to a program of modernization at the Portsmouth Naval Shipyard to accommodate the 688 class submarines when they start requiring overhaul around 1992.

I want to sensitize you to this issue which is of great importance. Obviously in a sense it is a parochial issue, and I don't know if anybody is going to believe it, but I think the case is strong. This is a case of seeking to continue modernizations so that when the 688s begin coming up for overhaul in numbers we will be ready with the facilities to take advantage of the standardization of that fleet. If we haven't upgraded facilities then we're not going to be able to realize the very substantial cost savings which even Navy studies under Coopers-Lybrand and so on have indicated are out there if we are ready when these overhauls commence.

I doubt that you are familiar in detail with this matter at this point, I wouldn't expect you to be. But I wanted to bring it to your attention because frankly the Navy bureaucrats are not cooperating with the commitment which Secretary Lehman extended in his time and which I hope that you will continue in yours, because it is a matter of efficiency and real cost savings.

But if we're not ready, if we haven't modernized the overhaul facilities when those subs start coming due for overhaul then it's going to be the old fashioned, inefficient process and it's going to cost us over the lifetime hundreds, billions of dollars, hundreds of millions and billions of dollars. So I wanted to alert you to that, I don't know if you have any awareness of it. Did you want to comment at this point?

Mr. **BALL**. Senator, thank you, and I'm sorry we didn't have a chance to discuss this personally. I can assure you we will. I am aware of this problem and I have discussed this with a number of the committee staff. I know that there were certain important modernization efforts that were in the defense military construction program, that are under review, and I will take a careful look at that.

I can appreciate the significance of having in that area of the country the dry dock shelter cover that was contemplated and has been designed, I understand.

Senator **HUMPHREY**. Yes, among other things.

Mr. **BALL**. Among other things that are especially critical, as you point out to the SSN-688 program and the refueling of the submarines. I know Portsmouth Naval Shipyard is one of the six original shipyards that Congress established back in, I guess, the late 18th century for purposes of supporting our Navy.

Senator **HUMPHREY**. But you can't overhaul submarines with 18th century facilities.

Mr. **BALL**. I understand.

Senator **HUMPHREY**. Not efficiently anyway. Let me just point out that the yard has not scheduled any overhauls for 1992, that is the year in which construction is supposed to commence. If we don't get these studies done, these design studies done and finance the project on schedule we're going to have the worst of both worlds. We're going to have a shipyard that has no scheduled work and we're not going to get the needed modernization done on time to realize these huge cost savings which are out there, even by your own studies. So it's a very, very important program about which you will be hearing from me very regularly if some of your people don't begin to cooperate.

Mr. **BALL**. Thank you.

Senator **HUMPHREY**. Thank you. Thank you, Mr. Chairman.

Chairman **NUNN**. Thank you, Senator Humphrey. Senator Shelby.

Senator **SHELBY**. Thank you, Mr. Chairman. Mr. Ball, I too want to welcome you here and I believe with your unique experience both on this committee and with Senator Talmadge and your

White House experience you are going to be an outstanding Secretary of the Navy and I'm going to support you.

With that in mind I would like to ask, would you as Secretary of the Navy continue to support strategic homeporting?

Mr. BALL. Senator, yes. The Navy has put in motion and has funded the strategic homeporting program, and has been able to do so because of the local support which has been brought forward for strategic homeporting.

Senator SHELBY. Does that include the gulf ports, particularly Mobile, AL?

Mr. BALL. Yes sir. I have looked over that plan.

Senator SHELBY. And Corpus Christi, TX.

Senator GRAMM. Thank you, my friend.

Mr. BALL. I have studied the plan, and when I served in the Navy, at the time I recall that we had over 100 ships homeported in Norfolk, 100 ships homeported in San Diego, almost 70 ships homeported in Charleston. It was clear then that as the Navy grew from a force structure of 479 ships, to where we are now at 568 (we'll be at 580 working toward 600), it is clear that the fleet concentrations we have experienced in the past were neither good management nor good military strategy.

Senator SHELBY. You alluded just a minute ago to the help that you're getting in different communities around the country. That has to be a factor in the decision, is that right?

Mr. BALL. Well, that's one of the unique features of this program, Senator, and certainly has been a major factor in making it economically sound. The initiatives that have been taken by a number of local communities has made it of great interest to the Navy.

Senator SHELBY. You mentioned antisubmarine warfare as a high priority for the Navy. I know Admiral Baggett mentioned this when he was here earlier. Has the Toshiba-Kongsberg affair bothered you tremendously as to the slippage there?

Mr. BALL. I think it bothered anyone who is concerned about deterrence and about our ability to maintain the kind of submarine force that we need. It had serious implications, which I know have been addressed before this committee by the Secretary of Defense and others.

Senator SHELBY. Is this administration going to continue to send conflicting signals up to the Hill regarding this, and you are very aware of what has been going on in the last several weeks regarding this. I hope they're not going to try to white wash it in the name of doing business with Japan and keeping everybody happy, especially in view of a lot of things that have come out post Kongsberg-Toshiba.

As you well know working at the White House and as a designee to be Secretary of the Navy, this is a serious thing. Yet the administration seems to be sending conflicting signals and we don't know here when they're going to send some other signals. And this does undermine a lot of efforts. I would like to hear your comments on that if you have any.

Mr. BALL. We work hard in the administration to speak with one coordinated voice at all times. This has been a troubling issue but at the same time it points out that we have tried to address this problem in terms of its accountability and the Japanese Government. I think we have to acknowledge that the government has assisted us in that effort and there are a number of things we are of course looking to the Japanese Government to do with respect to our joint security arrangements in the East Asia and the Pacific region.

Those are important and I think that we have to discriminate and pay careful attention to what has caused the problems that you have alluded to and identify ways in which we can prevent those problems from recurring. I think we have done that. We have certainly, within the administration, worked and tried to coordinate an effort to make sure that this does not happen again, and as you know that is of great importance.

Senator SHELBY. Have you been watching the developments over the past several years in COCOM? Do you have any recommendations, or will you have perhaps later, on the way to strengthen COCOM?

Mr. BALL. Well, let me say that central to our ability to protect the technological edge we enjoy today is our technological security. I think that's the way in which the Secretary of Defense has addressed it in his report. And this year I have noted in the testimony given to the committee the issue has been addressed more candidly and with more emphasis, as it should. I think that is very important.

The Navy is a technologically oriented service. The Navy depends enormously on technological advances. The Navy and Marine Corps team has to be prepared to exploit technological change at a very rapid rate. And that means our effectiveness can only be curtailed if we do a sloppy job in the security of our technology, and that is something we can always improve.

Senator SHELBY. Thank you. Thank you, Mr. Chairman.

Chairman NUNN. Thank you Senator Shelby. I believe Senator Gramm, you are next.

Senator GRAMM. Mr. Chairman, I had left, so I think it's only fair to let Senator McCain go next.

Chairman NUNN. Thank you.

Senator MCCAIN. Mr. Chairman, I would be glad to allow my erudite and articulate friend to go ahead. Maybe he will owe me.

Chairman NUNN. Is he in the room now?

Senator GRAMM. No, but his mama is watching on television and she's going to appreciate it.

Chairman NUNN. Whatever you two decide. The chairman will defer to you.

Senator GRAMM. Mr. Chairman, I will just be brief. Mr. Ball, let me say that I have enjoyed having the opportunity to work with the two people who have served as Secretary of the Navy during the Reagan administration, and I look forward to working with you.

Senator Shelby has already brought up homeporting. That's an important issue to us on the gulf coast. I think it's fair to say that if you look at the cost sharing and the base construction, the Navy has never gotten as good a deal economically as it's going to get from gulf coast homeport.

We are in the midst of major construction. A substantial amount of the money for the first year construction is coming from local matches in funding, and therefore obviously they are concerned since they have invested their own money. Corpus Christi for example raised its taxes in the midst of a recession to put $25 million on the deck to show how serious they were about bringing homeport to Corpus.

So let me just hone down a little bit Senator Shelby's question by asking, and I know I don't want to put you on the spot this new in the job, but is it fair to say that it would be your intention not only to support homeport but stay on the current funding schedule with it?

Mr. Ball. Senator, I have not reviewed the current funding schedule. Let me say, for the first part of your question, that the Navy strongly supports this program and I intend to do so. I think it has been well justified and I think that the efforts made in the cost sharing have shown what we can do when we work with local and State leaders on issues that can promote the national security as these do.

With respect to the funding profile that is in existence now, I have not had an opportunity to see what is in the budget for the next several years. And in some of the items where we are absorbing funding reductions, I have to reserve judgment until I take a look at the figures. I think it's a priority that we should support and it is keyed to the delivery of new ships which Congress has authorized, which we now have under construction and which will be ready to put into the fleet. We obviously want to have ports and port facilities ready to accept the ships so that they can come on line and be homeported where they're going to be located when they are delivered.

Senator Gramm. Let me conclude, Mr. Chairman, by pointing out to Mr. Ball that as you are aware the Hunter Point site in San Francisco has become a center of controversy. It appears now that there may be a decline in support locally for the facility and in fact some backing away from meeting a local cost share. I just wanted to say that if the people of San Francisco don't want the battleship *Missouri*, I want to assure you that the people of Corpus Christi would.

People in Texas, as you well know, have always believed in a strong defense. We have always played a leadership role in providing that defense. If that battleship and its crew find themselves homeless, being opposed to homelessness, I hope you will look at Corpus Christi. I can assure you that if we were looking at the economics of relocation and you decided to put it up on a competitive basis as to what it would cost to homeport it at one of the sites where we're engaging in building a homeport now; I believe that we in Texas would be interested in trying to put together another cost sharing agreement. I just wanted to let you know of our interest in that area.

Chairman Nunn. Thank you, Senator Gramm. Senator McCain, how about Phoenix now, do you have a homeport out there?

Senator McCain. Well, Mr. Chairman, we are hoping that in the event of the next earthquake——

Chairman Nunn. A cross country canal?

Senator McCain. Yes indeed. We could become a coastal State and it's never too early to begin planning for such an eventuality. I do also share the views of my good friend from the State of Texas. I think it's very difficult for the people on board those ships to exist in a community where they're not felt welcome by the community, and I hope you'll take that into consideration in all seriousness.

You and I have both had occasion to come into port on a ship where the community is not friendly and we certainly wouldn't want to subject our people to an environment where they are not made welcome.

I congratulate you on your selection, Mr. Ball. Mr. Chairman, I have known Mr. Ball now for 15 years, when he was 20 pounds lighter, and I think it's good to get him out of the White House mess and back to some good Navy food. I have had the privilege of working with him in many capacities and I think that you will do an outstanding job, particularly in a period I think where enormously difficult budgetary decisions are going to have to be made, and it is absolutely crucial that we have the kinds of lines of communication between you and the members of this committee and indeed the entire Congress so that we can arrive at those conclusions in a most knowledgeable, professional fashion which indeed keeps the interests of the United States foremost always. And I have every assurance that you will do that.

Most of the questions that I had have been already asked to you, Mr. Ball, but I want to point out that I think it's very important for us to address some issues that are with us as we speak, pilot retention. I am on the Aviation Subcommittee of the Commerce Committee in this body and this year the airlines will hire more pilots than the Navy and the Air Force combined will produce. I think that's a very serious situation.

We are experiencing an exodus of pilots both from the Air Force and the Navy that is almost unprecedented since at least in this decade. You'd probably have to go back to some time in the middle 1970s. We'd better address that issue, particularly when it costs $6 million, so I am told, to provide either the Air Force or the Navy with a trained and qualified pilot.

I also think that we are having another problem with the selective reenlistment bonuses and I hope you will look at that as well because no matter how good our pilots and equipment are, unless we have the qualified personnel to maintain that equipment it would be difficult.

I would like to also ask your views on the issue not so much of 16 frigates or 600 ships, because I always thought that was a serious mistake, but the issue of 15 carrier battle groups. As you know there is a real division within this committee and Congress as to whether we need two additional carriers or not, and if so at an early date. I hope you will provide us with your views on that issue.

The reason why I emphasize the 15 carrier groups is that we have not only the commitments that we have had in the past, but in light of the events in the Persian Gulf and perhaps now even in Panama, it appears to me we have an increased requirement for naval commitments or naval presence than we have had in the past. So I'd like your response to those.

Mr. **Ball**. Thank you, Senator. First of all on the point of the aviation and pilot shortage problem and the prospects for new proposals on aviation continuation pay, let me say the figures you used point to the fact that we should do everything we can, including financial incentives, to keep our pilots in the service, especially in the junior officer grades where we are experiencing the shortage that is the most troublesome.

Similarly, the selective reenlistment bonus is a type of financial incentive that I know Congress has supported in the past. It has always been a subject of some discussion in the Congress as to the wisdom of these kinds of financial incentives. But the evidence is very, very clear. These incentives do make an enormous difference in our retention of certain key officers and enlisted personnel with very key skills, skills that require expensive training. So, I think the history shows that these types of incentive payments are a good and sound investment from the taxpayers point of view. And we are anxious that Congress continue to support them and examine other ways in which they can be applied to improve further our retention of these critical people.

On the point of our carrier force levels let me say that the Navy of course does not determine commitments, the Navy executes commitments in peace time. The Navy puts together, in connection with the Joint Chiefs, plans for the utilization of forces in war time. I don't know of any single issue within our Navy force structure that has received more study, more scrutiny and more professional work than has the determination that goes into our carrier force structure.

It is abundantly clear that maintaining and meeting our commitments in the very key areas of the world where we are forward deployed with a lesser number of carriers would be very difficult and ultimately very expensive. We have done that before. We have met our commitments with lower levels and have found that to be exceedingly costly in terms of people. I made a reference earlier to the *Independence* deployment of being at sea for 247 days out of a 265-day deployment, and the costs that were associated with that kind of thing in terms of our people.

So I think that is a major factor and the Navy will of course meet the commitments that are given to us, but it is critical that in doing so we not damage our number one asset, our number one resource, and that is the people that we have serving on our ships.

Senator **McCain**. Thank you. My time has expired. I would like to again congratulate you. I hope you will no longer interfere with the professional athletic career of some of our young officers and I hope you will address that issue in time, and I'm also very gratified and pleased at how well you have learned, since you left Georgia, to speak English.

Mr. **Ball**. Thank you; I think, thank you.

Chairman **Nunn**. Mr. Secretary, I think that deserves a strong response. I'll yield time. Thank you Senator McCain. Senator Kennedy is recognized, and Mr. Secretary I'm going to have to take my leave. I have to be at an Intelligence Committee hearing, we have the INF verification report coming out and we have got to go over it today. So I'm going to ask Senator Kennedy to close the hearings. We will deliberate long and hard as we can get a quorum together on your pending nomination. We thank you for being with us, and Patty, we thank you for being here today.

Mr. BALL. Thank you, Mr. Chairman, for your time.

Senator KENNEDY [presiding]. I'm sorry I missed your earlier responses. I think most of the areas that I would like to cover have not been addressed. I too want to join in welcoming you back and to congratulate you with your appointment. I think many of us who have had opportunity over the past to work with you in different capacities have a respect for your dedication and your willingness to be open minded and the competency which you have exhibited in past responsible positions. So I too want to join in welcoming you here today.

There are a few areas I would like to get some response from you on. As you know, Secretary Webb resigned in a dispute with the Secretary of Defense over the budget cuts. And although the dispute has been portrayed as centering on the retirement of 16 frigates, the real issue is whether lower defense budgets will require reductions in the Navy force structure. Secretary Carlucci has put a priority on maintaining readiness, sustainability, while not short changing our service men and women, and this may require some reductions in force structure. The Army will have fewer combat formations, the Air Force fewer air wings, the Navy fewer ships. As the Secretary of the Navy will you support Mr. Carlucci's effort to avoid a hollow force.

Mr. BALL. Senator, yes. I think those criteria that you have outlined, first of all, were not arrived at lightly. I know the Secretary of Defense looked long and hard at the numbers, reflected a great deal and discussed with the President how we would go about best absorbing the kind of reduction we were required to absorb this year. Let me emphasize that was not a simple or quick decision process. It is my judgment, and a judgment that I know the President shares, that the manner in which those reductions were absorbed reflected the proper priorities of protecting our people and our readiness, and to the extent possible maintaining efficient rates of acquisition for our new systems.

Senator KENNEDY. Do you agree the first priority should be to maintain the readiness and effectiveness, even at the expense of some sacrifices in force structure?

Mr. BALL. Yes sir, I agree that we ought first to protect the gains in readiness, personnel readiness, by virtue of our training our people that we have, and that maintaining a top quality force across the board should be our number one objective. If that entails, as has been the case this year, reductions in force structure, that nevertheless is the best use of our dollar in this critical time, recognizing the fact that reductions in force structure, as we discussed earlier, inevitably entail additional risk.

And in this instance we made an effort to measure that risk and it is the judgment of the Secretary of Defense that though it is acceptable it nevertheless is there and we must be mindful of it, especially in the out years. Congress will make some tough decisions about the funding for the program that we have put on the table for fiscal year 1989 and subsequent years.

Senator KENNEDY. In response to a question from the chairman, you talked about your priorities for the budget. I would like to gain some additional insight into your priorities in that area. We heard last week from Admiral Hays that we are sending a signal of lessening support for our service men and women. This was related to compensation, both the more intangible rewards of military service and direct compensation particularly the widening gap between military and civilian pay. This obviously raises the question about support for the 4.3 percent increase.

Mr. **Ball**. I appreciate the chance to speak to that point.

Senator **Kennedy**. If I could, in addition to the 4.3 percent payraise, he mentioned a few other areas. He mentioned the reduction in the tuition assistance program by 25 to 35 percent, the delayed promotions as a savings device. He also talked about capping the housing allowance in the last 2 years, raising the out of pocket expenses for housing to 23 percent, 15 percent was the proposed target. And his point was the accumulation of these factors raised serious questions to the service men and women. I want to get your insight and find out whether you have additional suggestions of areas that we ought to be moving on in terms of the Navy personnel.

Mr. **Ball**. Yes sir. Thank you, Senator, for raising that. I do think those are areas that are very key and those are issues about which there is great concern within the Navy and the Marine Corps. There are some similar issues, such as permanent change of station funds, the limitations in our manpower funding that has required this year some "early outs," early separations of people from the service. This causes turbulence among our people and is very difficult and trying on a lot of our men and women in uniform.

I discussed with Admiral Hays after his testimony this precise point, and I think we here in Washington tend sometimes not to take full appreciation for the impact which issues like this have on our men and women out in the fleet and in the Marine Corps. When we discuss and deliberate about them in Washington, we are watched very carefully of course. This package of issues will certainly have an effect on our ability to keep people in the service and to maintain the high level of readiness we have, unless we pay careful attention to these priorities. I think they are all essential items.

Senator **Kennedy**. Well I gather then in terms of support for the 4.3 pay increase the answer is yes?

Mr. **Ball**. Yes sir.

Senator **Kennedy**. We would like to work with you on those other items. I don't know if you have suggestions to remedy that kind of uncertain trumpet so to speak in terms of the Navy personnel.

Mr. **Ball**. Well, the funding this year is because of the level of the funding reduction that was absorbed. Of course, when there is an agreement within the Defense Department to cut outlays by the kind of level that was absorbed this year we look across all the accounts where outlays can be absorbed. Inevitably the manpower accounts become the focus because those dollars spend out at a dollar per dollar rate per year. Unfortunately, when we have to absorb those kinds of reductions it creates great turbulence and uncertainty in the minds of our people and we pay a price for that over the long haul.

So, I appreciate your focus on that, Senator, and I look forward to discussing those and other items with you.

Senator **Kennedy**. In another area, this is on the cost overruns, I don't know whether you are familiar with that Washington Post article——

Mr. **Ball**. Yes sir.

Senator **Kennedy**. And the GAO report in terms of cost overruns. I have been around, not on this committee, but around the Senate long enough to know that the old practice of buying in cheap and then renegotiating these contracts, there is obviously going to be some alterations and changes in terms of the completion of various ships, but we have seen a rather dramatic report in that GAO study.

I don't know if you have seen it, but the study concluded that 19 of the 22 ship construction contracts awarded in the past several years have exceeded the target prices of the contract and the ceiling prices may very well be breached as well. The overruns have already reached $1.4 billion and are climbing. Some of that relates to ships which are not new ships but ships which they have been building for some period of time, and you would naturally think that the learning curve would be such that rather than overruns you would be able to bring it in on target.

It seems likely Congress would want a full explanation of what is going on in this area, whether we're going to have a balloon payment to make to the 600-ship Navy. Are you prepared to get in there and find out what has happened and make recommendations about how we might be able to deal with that problem?

Mr. **Ball**. Yes sir, Senator, I am familiar with that report. Though I have not had the opportunity to scrutinize the individual contracts involved, let me just comment with respect to the administration's implementation of our shipbuilding program, we feel overall we have a good story to tell. We have done everything we can to increase the level of competition in our shipbuilding contracts. That has not been easy. The Navy, as you know, is the only customer that private shipyards have for new ship contruction in this country and that has made the fostering of competition difficult. But we have worked hard at that.

I have looked at some figures that reflect that since 1983 we have saved something on the order of $7 billion in new ship construction costs from the levels that were originally requested in our budget submission. So, this is a positive development in terms of our management of the shipbuilding account, and we think that we have done a good job in that aspect of it.

On the contracts to which you are referring for the submarine construction, these are contracts, as you may know, where a target and ceiling price have been set. The target price is based on the Navy's best estimate of such things as man hours and productivity improvements that will enable the ship to be constructed at that price.

If we made errors, it would appear that in trying to get a handle on productivity improvements in our shipyards and in the private shipyards, in a couple of instances there may have been some rosy projections as to the number of man hours that would be required in the construction of these ships. I don't think that reflects and should be kept measured in proportion to the benefits that have accrued in our program of increasing competition, which has been the focus of the Navy's efforts in managing this program.

Senator **Kennedy**. Well, I won't take a lot of time now, but I would hope that you would have a chance to familiarize yourself with that. They mentioned in the opening statement the causes for the overruns are many and varied, but most result from shipbuilders decisions to cut prices to make low competitive offers to obtain Navy contracts. And this highly competitive bidding appears to be continuing on the recent awards.

So at least it indicates, this is October 16, 1987, that even currently this is practice which is going on and which future administrations are going to be faced with. And it seems to me that it would be, given the kind of warnings we have had with this report and the others, that we are really on notice now and it would be enormously useful and important if you were able to guide us as to how we might be able to address some of those questions. We will have a chance to do that when you come back up.

Let me talk a little bit about the block obsolescence of the fleet. If we look into the remaining years of the century and early into the next, we find serious problems of block obsolescence of major surface combatants. Between 1990 and 1994, 32 of our 37 guided missile destroyers (DDG's) reach the 30-year retirement age. Between 1992 and 1997, 18 of our 33 guided missile cruisers will hit the expected 30-year life span. Between 1998 and the year 2002, 34 of our 66 amphibious ships reach an end to their useful life. And between 2000 and 2006, nearly half of the aircraft carrier force will reach the end of their expected useful life. CBO calculated 40 to 60 percent increase in the shipbuilding budget will be needed to replace these ships.

Have you given any thought to the problems of consecutive block obsolescence of the major portion of the fleet and how we are going to deal with that?

Mr. **Ball**. Senator, I have, and that is certainly a key issue in terms of our future planning. And of course we are forced to deal with the situation where 20 years ago we built ships in groups and in spurts so to speak as opposed to having a steady and level plan that would permit a more gradual level of ship construction and a more consistent level. The ups and downs of our construction programs over the past 30 years have brought into being the kinds of force structure that you are referring to. And that does present problems for the Navy, management challenges for the Navy, in solving how we can best deal with that.

We recognize that it will require our best efforts to manage the replacement of these ships. Our estimates are that we need to be building between 18 and 20 ships a year to avoid some of the serious problems that the obsolescence that you refer to can have. That is something we have to work carefully with the Congress on, and I certainly will focus on that question and how we can best manage our shipbuilding dollar to avoid the negative impacts that could result if we're not careful.

Senator **Kennedy**. Well, I will look forward to having your thoughts on these issues, because I think looking down that road in terms of where we're going to be and what the costs are going to be and the pressures that we're going to be under, it seems to me that we ought to start giving some thought about how we're going to deal with those issues.

Let me just go to another area. I know that my good friend Senator Warner talked to you about the aircraft carriers and submarines. I will go back to that issue primarily in the question of the balance for the Navy and whether we can anticipate a balanced Navy in future. I think we have debated it during the course of this committee about whether the pursuing of the 15 carriers is at the expense of a balanced program. In the early 1990s, we'll have 15 carriers but many of the other crucial elements of a battle group will be missing.

CBO again has calculated there will be a shortfalls of over 30 cruisers and destroyers and the escorts for a carrier battle group. They have also calculated there will be a shortfall of nearly 200 aircraft. Both of these calculations were made before the reductions were taken for the fiscal year 1989 defense budget. In other words, these shortfalls stand only to get worse.

We talked the other day about the issue of the number of carrier task forces. In the past, both Democratic and Republican Secretaries of Defense have supported 12 carrier battle groups. We have had the Joint Chiefs suggest as high as 20 to 23 carriers. We have to ask ourselves whether the obvious number is somewhere in-between. But the question I think that we're going to have to review very carefully is whether by going up from 14 to 15 we're going to be in effect cannibalizing other essential programs and support services for both personnel and the Navy in a balanced way.

I don't know what comments you would want to——

Mr. **Ball**. Senator, thank you. I would like to just say generally, in our national security planning I think we of course realize there is no substitute for sea based air power. There is growing evidence around the world today that the role of our naval aviation forces is becoming more central to our deterrence and more critical in key areas of the world, in particular the northern and southern flanks of NATO and in the East Asian Pacific area.

The commitments that we maintain in peace time to those regions are commitments that the Navy is asked in executing and that we have honored for some time and continue to do our very best to maintain. History tells us that when we try to meet those commitments with lower numbers of carriers it puts—it goes back to the points we were discussing earlier, it puts burdens on the backs of our sailors who must endure hardships and family separation. That in turn makes it more difficult, of course, to keep them in the service, and it makes it more difficult for us to protect our readiness and our people, who are our number one asset.

So we have to examine the impact of any reduction in something that is as essential to our well being as our carrier force levels. It would affect our ability not only to deter the war that we seek to avoid, but our ability to meet the commitments that we have in key areas of the world, and I have just mentioned a few, not all of them.

Senator **Kennedy**. Well, there is really nothing magical about 15. It's better than 14 and not as good as 16, I imagine. When you look over the various shortages in other areas of Navy power, we have to ask whether the advantage of maintaining an additional carrier group is worth the opportunity costs, particularly when you're going to have the kinds of cut backs that are going to be necessary in terms of ships, in terms of personnel, in terms of planes. When you are looking down the road in terms of the kind of retirement schedules that the Navy is going to be confronted with, it is not clear that adding a carrier is a wise allocation of resources. So I imagine that is going to be an issue that will be debated and be discussed.

Well, I welcome you to the committee. I appreciate your response. These are some of the areas that we have had an opportunity to talk with you in the past about, I'm sure the committee will have an opportunity to consider over the period of these next months. I too want to join in congratulating you and wishing you very well in your future job. I think the country will be well served.

[Whereupon at 3:45 p.m., the committee adjourned.]

[The nomination of William L. Ball III, was reported to the Senate by Senator John Warner on March 22, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on March 23, 1988.]

NOMINATION OF DR. GORDON A. SMITH TO BE ASSISTANT SECRETARY OF DEFENSE FOR COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE

FRIDAY, MAY 13, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:10 a.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon presiding.

Present: Senators Exon, Warner, and Thurmond.

Staff present: Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Gerald K. Bankus, professional staff member; Pamela G. Powell, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon.

OPENING STATEMENT OF SENATOR J. JAMES EXON, PRESIDING

Senator EXON. The committee will please come to order. The committee meets today to consider the nomination of Dr. Gordon A. Smith to serve as Assistant Secretary of Defense for Command, Control, Communications and Intelligence.

Dr. Smith brings to this position an excellent background in both industry and Government that will serve him and the country well. His wife, Betty, is with him today. We are very happy to see Mrs. Smith here, and you are extended a warm welcome by members of the committee.

As you all know, the past year has been one of considerable turmoil for the defense acquisition system. The coming year will see this turmoil continue as the current administration leaves and the new one arrives. Who and what will suffer as a result, the answer is very simple. Our service men and women and national security.

To gain the most defense capability we can in these tight budget environments that we are facing today, we must reduce the turbulence in the acquisition system and exercise careful management and oversight of our defense spending.

This does not mean micromanagement. It does mean strong policy direction in the services and defense agencies from the OSD acquisition organization. The Office of the Secretary of Defense must play a significant role in resource allocation among competing programs.

I would ask that the balance of my opening statement be printed in the record. And as usual, we have the extremely capable ranking member of the committee, who is always here, Strom Thurmond is the one whom this Senator has enjoyed immensely working with over the years on the matters with regard to our national security.

And with that, I would be pleased to recognize my friend and colleague for any opening statement that he might have. And following that, we have just been joined by Senator Warner, and I would be glad to recognize him following any remarks by Senator Thurmond.

[The prepared statement of Senator Exon follows:]

PREPARED OPENING STATEMENT BY SENATOR J. JAMES EXON

The committee meets today to consider the nomination of Gordon A. Smith to serve as the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence. Dr. Smith brings to this position an excellent background in both industry and government that should serve him, and the country, well. I understand Dr. Smith's wife Betty is also with us today. We are very happy you are here and we extend to you a warm welcome.

As we all know, the past year has been one of turmoil for the defense acquisition system, and the coming year will see this turmoil continue as the current administration leaves and a new one arrives. Who and what will suffer as a result? The answer is very simple. Our service men and women, and national security. To gain the most defense capability we can in the tight budget environment we are facing, we must reduce the turbulence in the acquisition system and exercise careful management and oversight of defense spending.

This doesn't mean micromanagement—it does mean strong policy direction to the services and defense agencies from the OSD acquisition organization and the will to enforce that policy. The Office of the Secretary of Defense must play a significant role in resource allocation among competing programs.

As we look into the future, we see more programs underway than we can pay for—the so-called "bow-wave" effect. We see duplication of effort in programs across all mission areas in the Department. And we see programs in trouble that are consuming defense dollars, yet even if they worked perfectly, would make only a marginal addition to our military capability.

A number of these problem programs exist in the area of responsibility of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence. The B–1B defensive avionics system and the Mark 15 IFF system are but two examples that come readily to mind.

The Assistant Secretary is also a key player in our space systems. Space Launch Recovery has been a major concern to this committee. The committee is on record stating its strong belief that a central focus of the Advanced Launch System should be to break from the current situation that ties satellites to specific launch vehicles, requires months of costly pre-launch preparation, and limits our ability to replace critical satellites in a timely manner.

The Assistant Secretary for C^{3}I is a central figure in the program decision process. Can we make the B–1B defensive avionics system work at an affordable cost? Is the Mark 15 the right solution to our identification needs? How do we assure our space related needs are met? The person who becomes the Assistant Secretary C^{3}I will have his hands full with these and other equally difficult decisions. If he applies objective analysis and engineering judgment to the problems, and follows through with tough, hard-nosed decisions, he is going to upset a few people. Why? Because he will have to make choices between and among different services programs, and some marginal programs will be canceled.

Dr. Smith, presuming you still want to take this job, you are going to be in the hot seat. Some might say in the limited time left in this administration, you will simply be keeping the seat warm until next year. I hope you are not approaching the Assistant Secretary position with that outlook. We have problems today that need solutions. You have the experience and knowledge to help solve these problems, regardless of the time left.

For those here today who are not familiar with Dr. Smith's background, I might briefly point out that he has had a distinguished career in defense industry. Immediately before assuming his present position as Deputy Director of the Strategic Defense Initiative Organization, he served as president of the Fairchild Space Operations Company. It is also interesting to note that Dr. Smith was a Congressional Fellow in 1982 and 1983, and served as a staff member on the House Subcommittee on Space Science and Applications. Dr. Smith's Doctoral Dissertation from George Washington University examined the DOD major system acquisition process. That, Dr. Smith, should prove useful.

Senator THURMOND. Thank you very much, Mr. Chairman. Mr. Chairman, I have looked into the qualifications of both these men. I think they are well qualified, Dr. Smith and Mr. Stone both. I should be pleased to support them and feel they will render our country good service in the positions to which they have been appointed.

I have another meeting that I have to go to. Thank you very much, Mr. Chairman.

Senator EXON. Thank you very much, Senator Thurmond. We are always glad to have you. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I likewise come to the hearing this morning to express my unqualified support for both of these nominees.

I have known Dr. Smith for a number of years. We worked together in the strategic area. And indeed Dr. Stone likewise. He is well qualified for this position.

Senator EXON. Thank you very much, Senator Warner. And I hope that the nominees today will understand that we began debate almost an hour ago on the defense authorization bill that we are trying desperately to finish today.

Senator WARNER. We are making progress on the floor, Mr. Chairman. Five amendments have already been completed.

Senator EXON. I hope it will go even further, as soon as we finish with this hearing.

So with that, I would be pleased to recognize Dr. Smith now for any statement you wish to make. And it you have a written statement, we would be glad to accept that for the record in full. Or if you are making oral statements, please proceed at this time.

[The nomination reference of Gordon A. Smith follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
March 14, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Gordon A. Smith, of Maryland, to be an Assistant Secretary of Defense, vice Donald C. Latham, resigned.

[The biographical sketch of Dr. Gordon A. Smith, which was transmitted to the committee at the time the nomination was referred follows:]

BIOGRAPHICAL SKETCH OF DR. GORDON A. SMITH

Dr. Gordon A. Smith is the Deputy Director, Strategic Defense Initiative Organization, Office of the Secretary of Defense, Washington, DC. Before his appointment as Deputy Director, SDIO, in April 1986, Dr. Smith was president of Fairchild Space Operations Company of Germantown, Maryland. Fairchild Space Operations (FSOC), a division of Fairchild Industries, Inc., was formed to provide and operate unmanned space platforms for lease by both private industry and Government agencies for space research, observation and manufacturing.

Prior to his appointment at FSOC, Dr. Smith was corporate vice president for operations at Fairchild Industries, responsible for program planning and control, productivity and performance, facilities management and human resources. During his 15 years with Fairchild, Dr. Smith held several important positions in the research, development, testing and engineering areas; including program manager, engineering director and vice president of systems effectiveness.

During the period September 1982 to September 1983, Dr. Smith was awarded a Congressional Fellowship by the Institute of Aeronautics and Astronautics and served as a staff member on the House Subcommittee on Space Science and Applications, U.S. House of Representatives.

Prior to joining Fairchild in January 1971, Dr. Smith worked for Conductron Corporation (a subsidiary of McDonnell Douglas Astronautics Company), the DeHavilland Aircraft of Canada, Ltd., and the British Aircraft Corporation.

In 1957 Dr. Smith graduated in mechanical engineering from Swindon College, United Kingdom, and is a Chartered Engineer of the United Kingdom as well as a registered professional engineer of the State of Maryland. He holds a Master of Science degree and a doctorate in the Management of Science, Technology and Innovation from George Washington University. His doctoral dissertation examined the Department of Defense major system acquisition process.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Dr. Smith in connection was his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Gordon Anstice Smith.

2. **Position to which nominated:**
Assistant Secretary of Defense, Command, Control Communications & Intelligence.

3. **Date of nomination:**
March 15, 1988.

4. **Address:** (List current place of residence and office addresses.)

Residence: [Nominee responded and the information is contained in the committee's executive files.]

Office: SDIO/DD, Rm 1E1081, The Pentagon, Washington, DC 20301-7100.

5. **Date and place of birth:**

April 17, 1934, Swindon, Wiltshire, England.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married to Betty Maud Smith (Bryant).

7. **Names and ages of children:**

None.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

George Washington University, Washington, DC, 8/75 to 6/82, MSA-78; DBA-82.
Bristol Tech College, Bristol, England, 1/59 to 6/60, ONC.
Guildford Tech College, Guildford, England, 8/57 to 1/59, Engineering Cert.
Swindon Tech College, Swindon, England, 9/50 to 6/57, Inter BSC; HNC.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

April 7, 1986 to present—Deputy Director, SDIO, Rm 1E1081; The Pentagon, Washington, DC 20301-7100.

January 18, 1971 to April 4, 1986—Fairchild Industries, Washington-Dulles International Airport, Chantilly, VA.

July 1985 to April 1986—President and Chief Operating Officer, Fairchild Space Operations Company, 20301 Century Blvd., Germantown, MD.

April 1984 to August 1985—Corporate Vice President (Operations), Fairchild Industries, Washington-Dulles International Airport, 300 West Service Road, Chantilly, VA.

September 1983 to April 1984—Vice President, Systems Effectiveness, Fairchild Space Company, 20301 Century Blvd., Germantown, MD.

September 1982 to September 1983—Congressional Fellow (sponsored by the American Institute of Aeronautics & Astronautics), served on the Staff of the House Subcommittee on Space Science and Applications.

July 1980 to September 1982—Director, Design Assurance Engineering, Fairchild Space & Electronics Company, 20301 Century Blvd., Germantown, MD.

April 1978 to July 1980—Director, Mechanical Engineering, Fairchild Space & Electronics Company, 20301 Century Blvd., Germantown, MD.

January 1971 to April 1978—Various managerial and program management positions in the Engineering Department of Fairchild Space & Electronics Company.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Name in full	Address	Type	From	To	Office held
American Institute of Aeronautics and Astronautics.	1633 Broadway, New York, NY 10019.	Prof.......	01/67	Present	VP, Public Policy, 84/05–86/05.
The American Society of Mechanical Engineers.	345 E. 47th St., New York, NY 10017.	Prof.......	09/68	Present	None.
The Royal Aeronautical Society.	4 Hamilton Pl, London, England.	Prof.......	09/65	Present	None.

Name in full	Address	Type	From	To	Office held
The Institution of Mechanical Engineers.	1 Birdcage Walk, Westminister, London, S.W.I., England.	Prof.......	09/53	Present	None.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

1. Secretary of Defense Medal for Outstanding Public Service, November 1987.
2. Congressional Fellowship 1982–83, Sponsored by the American Institute of Aeronautics and Astronautics.
3. Beta Gamma Sigma (Business honorary society).
4. NASA Skylab Achievement Award, 1974.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

[Nominee responded and the information is contained in the committee's executive files.]

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

I have not published papers or delivered speeches on the subject of C^{3}I. The briefings and addresses that I have given in the recent past have been exclusively in relation to my present position within the Strategic Defense Initiative Organization.

17. **Selection:**

(a) Do you know why you were choosen for this nomination by the President?

My name was sent forward to the President by the Secretary of Defense upon the recommendation of the Under Secretary of Defense (Acquisition).

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

1. My technical background in electronics, communications, and space.
2. My business and policy background in industry.
3. My academic qualifications which include my dissertation on major systems acquisition.
4. My experience in program management of large and complex programs.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Gordon A. Smith.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous empoloyer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

GORDON A. SMITH.

This 22d day of March, 1988.

STATEMENT OF DR. GORDON A. SMITH, NOMINEE TO BE ASSISTANT SECRETARY OF DEFENSE FOR COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE

Dr. SMITH. Thank you very much, Mr. Chairman. I do have a very short statement that I would like to share with you, Mr. Chairman and Members of the Senate Armed Services Committee.

It is an honor for me to have been nominated by President Reagan for the position of Assistant Secretary of Defense for Command, Control, Communications and Intelligence. And indeed, it is an honor to appear before your committee today.

During my tenure as Deputy Director of the Strategic Defense Initiative Organization, I very much enjoyed a close and professional working relationship with this committee, and have appreciated the strong support and leadership that you have provided.

I believe that the position of Assistant Secretary of Defense for C^3I, reporting on intelligence matters to the Secretary of Defense and to the Under Secretary of Defense for Acquisition on C^3 matters, is of vital importance to the Department of Defense. The position has been served well by previous incumbents, and has received the support of your committee and the Congress as a whole.

If confirmed, I will endeavor to work closely with you to resolve issues in the C^3I arena. And I know, sir, that you have identified some issues, and I also am looking at issues.

For example, is the Milstar program at the right level of funding? And are adequate provisions being made to ensure that there will be sufficient terminals in place for use by the services after the space platforms are operational? Is the Joint Tactical Information Distribution System being properly addressed throughout the services and by our NATO allies?

But in addition, sir, I see the need to take a systems approach to C^3I concerns. Interoperability is essential. But I would like to make sure that in every appropriate case, our strategic, tactical, and conventional systems can talk together. Communication is the key. And I want to strengthen our abilty to perform that basic function more efficiently.

Gentlemen, if confirmed in the position of Assistant Secretary of Defense of C^3I, I would be glad to work with you, through Secretary Carlucci and Under Secretary Costello, to resolve the issues at hand. And with your continued support, I believe we can address these issues successfully.

I would like to thank you again, sir, for inviting me to be here today. And I will be pleased to answer any questions that you may wish to ask.

Senator EXON. Dr. Smith, thank you very much, and I will have several questions for the record that we will submit to you and ask that you reply promptly, as promptly as possible.

Let me just touch on one or two. First, it is customary for us to ask the nominee, and I will ask you at this time, if confirmed for this position, as I am confident you will be, do you agree that you will respond to any appropriate request by this committee or its subcommittee to come before it to answer questions on any of the scope of activities, and the important activities they are, that you will be supervising?

Dr. SMITH. Yes, sir. Absolutely. I will be glad to come to the committee.

Senator EXON. Would you just give us your version and your understanding of what we generally call the bow wave of expenditures that are coming down the pike, with regard to national security and defense of the United States?

This is something we have been wrestling with for a considerable period, and are wrestling with today on the floor of the Senate, with regard to any authorizations under the considerable restraints of spending that we are operating under at the present time.

And the bow wave in my view is going to become even worse in the future. By bow wave, of course, I mean obligations of the past and programs of today, and equally important if not more so the programs of the future that are quite exciting as far as improving our national security.

But we are somewhat perplexed here by the fact of how in the world are we going to pay for all of these things with the constraints that we are presently operating under? How serious a problem do you see that?

And how do you feel that this committee and you, and in your new position, will be able to work together to solve what is going to be some most difficult decisions, I suggest?

Dr. SMITH. Sir, certainly I agree that the bow wave is a very important issue. And in the past, we have tried as a body to stretch programs out. And I believe that there is a limit to how much you can stretch a rubber band.

And therefore, I think what we are facing is the need to look hard at existing programs to see if they merit continuation. In other words, we may have to terminate some. And we will certainly have to identify the need of any new programs before we come to you and ask you to support them.

So it seems to me we have some very tough decisions. I am in the habit of making tough decisions, sir. But I feel that I also have avenues and mechanisms at my disposal to help me make those decisions.

I would chair the C³I Systems Committee, which is a committee under the Defense Acquisition Board, of which I am a member. And therefore, I have the ear of the highest authority in the OSD on defense acquisition matters.

And I believe that given these opportunities to look at programmatic issues, I can have my input into terminations and the need for new starts. And of course, I am a member of the Defense Resources Board, or would be a member if confirmed. And that allows me to look at the budget.

So I believe, sir, there are mechanisms in place that will enable me to help advise Dr. Costello on these tough acquisition problems.

Senator EXON. Dr. Smith, what about the general matter of competition expanding those where we can compete, and the difficulty that the normal free enterprise system bidding procedures cause us when we deal with many of the elements of our national security program?

What are your views on that? And do you have any magic answers to how we are going to expand competition and not slow down our continued national defense buildup?

I happen to feel that, while competition sounds good on the face of it, there are times that we find in looking back that the wonders of the free enterprise system and free and open bidding sometimes do not work out nearly as well as we would like or envision.

Dr. SMITH. Sir, I share your concerns in that direction. And, as a matter of fact, I believe very firmly in the market ethic and the competitive system. And certainly I support Dr. Costello in his, one of his strategies to bolster industrial competitiveness.

I feel, however, that true competition is best served when there are a variety of suppliers to produce well understandable pieces of equipment and services to the Government. That is when competition tends to drive down costs and is very beneficial to the Government.

However, there are occasions when it is not to the Government's best interest to go out with the long bid and proposal series of events that lead to delay in some instances of getting very important programs going, or add-ons to existing programs.

I feel, therefore, that sensible people should review each program on its merits, and take into account costs, performance, and schedule of the requirements that you are looking for. And in that way, you can structure an acquisition strategy that best serves the Nation, and particularly, of course, our own acquisition process.

So I believe everything should be taken on its merits. But I am basically in favor of competitiveness. Sir, I have no magic answers, but I have studied the problem, both as an academic and from industry. And I am sure that I should be able to help Dr. Costello in implementing some of his policy considerations.

Senator EXON. One last question, Dr. Smith. And I do not know that you have any answers or even ideas on the question I am about ready to ask, or whether you have discussed this with Dr. Costello.

But do you know of the, certainly the most recent flap that we have with regard to such a basic thing as bolts in our tanks? The television and newspapers have been full in the last few days of allegations of the fact that basic bolts in our M-1 tank treads are of such inferior quality that they are not only causing damage to our equipment and endangering our personnel, but indeed are posing a hazard on some of the highways in certain places. They are spewing bolts out so fast that it is a danger to other vehicles that may use the same roadway.

How in the world, if true, how in the world do these kinds of things happen?

Dr. SMITH. Sir, I cannot answer the question specifically, of course. But I think there is a tendency to in the past, consider that quality can be inspected in, and I do not believe that.

I believe that quality is in the process of the production, starting really from the basic materials and through the building of devices, subcomponents, components, systems, and so on.

And there again, Dr. Costello has this total quality management strategy as an objective where we, in effect, design in and build quality in from scratch. We do not try to inspect it in.

I believe, sir, that has a lot of merit. I believe in that philosophy. And I think that if we can somehow try to change the culture so that people will do that kind of thing, as they have started to do in maybe some other countries like Japan, I think we can produce quality products as well as anyone, if not better, than anyone in the world.

Senator EXON. This is a closing thought, Dr. Smith. Let me tell you that, as one who does not pretend to understand all the intricacies and details and engineering specifications that go into such things as highly sophisticated computers, many of our classified programs that are coming on down through the pipe, and SDI research, I can understand that it is very difficult, if not sometimes impossible, to monitor all of the different areas that go into making up product of such a complex nature, let alone monitor the putting together of those projects, so that in the end we have a gadget that is supposed to do what that gadget was designed to do.

Now, I can understand that. I cannot understand, though, as a layman, why specifications on such a simple thing as a bolt are so difficult to enforce. And when I hear, and again I do not know whether it is true or not, but when I hear of the difficulties that we are having with such things as bolts on tank treads, which is relatively simple, I would think it would be a relatively simple matter to check their quality during the process.

Sometimes I feel that maybe we should be pointing more fingers at the basic industrial complex that we have been so fond of and so proud of over the years.

Sometimes I think we ought to ask for a study as to whether or not, from the information we are able to maintain, whether the Soviet Union has the same trouble with bolts in their tank treads? And does the Soviet Union have the same difficulty with some of the more sophisticated weaponry that we seem to have? In other words, are we both having quality control problems?

I happen to feel that our acquisition system is so far superior to theirs that there is no question. Sometimes I wonder if there is not gross negligence, if not fraud, practiced far too often by the people that we rely on to build our defense system.

Do you have any views on that? I do not suppose you care to go out on a limb. But these kinds of things are going through this Senator's mind.

And I am sure that when I have to go out to my constituents and defend a $300 billion annual defense budget that most of them think is too high to begin with, although they want, like we all do, the security that it provides, they cannot understand when we are spending $300 billion for defense why we do not have the expertise in the bureaucracy to order and see to it that we get a proper bolt to hold a tank tread together.

Dr. **Smith**. Sir, I have never been one to avoid a discussion on this, and out on a limb I do not mind going, if you will excuse that convoluted expression.

But in fact, from my industrial experience, I have not been associated with fraud. And I have not been associated with people who have wanted to do a bad job, to be quite frank with you.

Now, I do admit that I have been in what I would consider to be a high technology industry. But it seems to me that the notion of total quality management, where you build in a process itself, the manufacturer of the bolt, we not only have to specify the properties of the bolt but we have to specify the properties of the process that make the bolt.

And once that process has been defined, it is my opinion that we should be able to make them like peas out of a pod. And like you, sir, I find it a little difficult to come across bolts that do not fulfill their proper function.

I believe, however, that we should try to motivate people at all levels of the design, test, and manufacturing process, so that everyone is motivated to do a good job. And I think that this can be done.

It needs management assistance to get the working level people interested in producing a job, not waiting for someone downstream to inspect to see if they have done their job properly. That is where the problems lie.

If every person did his or her job, as the process continues through the line, I believe we would have greater success and fewer failures.

Senator **Exon**. Thank you very much. I think that you have come right back to a situation that we all recognize as Americans.

One of the problems we have with competition today in the international marketplace is, it comes back to productivity, and the quality of the productivity that we have.

I have just had a recent experience, as a personal note, I have driven Oldsmobiles almost all my life. I have a 1985 model Oldsmobile that I bought new that is the worst piece of junk I have every had in my life.

And I do not understand how Oldsmobile and General Motors, who have been making automobiles from the time we first started making them, can turn out a piece of equipment like that.

If any of you are interested in, just a little advertisement, if you are interested in buying a good-looking Oldsmobile that is solid red, the most popular color in Nebraska, and it looks very good, please come and see me. I will make you an awfully good deal.

I guess, though, speaking in a humorous vein, those are some of the things that I think industry as a whole is letting us down on with regard to national defense. And, you know, if you have a product that is bad from the beginning, and a product that came out of the mind of someone that was not rational or reasonable, then I can understand why you have failure.

But I do not understand why we have failures on such simple and rational things as ABC, that is making an automobile with four wheels on it that has something to drive it, and a steering wheel to put it down the road.

It is mind-boggling. And I would simply say, I would hope that maybe we could devise some kind of a get tough policy. Somebody is supplying us with bolts that were not properly produced, then I would think that we should get tough on those kinds of individuals.

And I say this from the standpoint of not only the individual that makes the bolts, but some of our contractors whom we rely on for national defense to the most famous brand name. You know, the Oldsmobiles, if you will, of our defense industry.

And if we find them in fraud, I think it is not enough just to fine them, it is not just enough to send some of our top executives to jail. I think if necessary we should put them out of business.

I recognize that if we put them out of business in some instances that might hurt our overall defense capabilities in the years to come. But I am very much concerned about the free enterprise system and how well it is serving us today with regard to not only our most sophisticated high tech, but on such simple things as bolts.

And I have a great deal of confidence in you, as the members of the committee do. I am just trying to send a message that we think it is time to get an awful lot tougher than we have been in the past. And I blame all of us collectively for this.

I think we have had too much faith in the competition process, which is a good one. But in the end, if it produces material that does not protect the men and women we rely on to carry forth the national defense of this Nation, then we are derelict in our duties.

Dr. Smith, thank you very much for your testimony. As I say, there will be some other questions we will submit for the record. And if you would respond to those as quickly as possible, we would appreciate that.

And I anticipate no problem whatsoever. In fact, we are delighted to have people of your quality be in the important positions that you have been nominated to, as evidenced by your excellent testimony and our discussion here today.

Dr. **Smith**. Thank you very much, Mr. Chairman.

Senator **Exon**. Thank you very much. You are excused.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR J. JAMES EXON

ASD(C^3I) RESPONSIBILITIES

Senator **Exon**. In your review of the responsibilities and functions that are assigned to the Assistant Secretary, and based on your experience with SDIO, have you identified any responsibilities or functions you think *should* be assigned to the Assistant Secretary, but are not?

Dr. **Smith**. No. I consider the functions and responsibilities of the ASD(C^3I) to be the principal advisor to the Under Secretary of Defense (Acquisition) and the Secretary of Defense on matters pertaining to C^3I, and the oversight of C^3I programs from the R&D stage through the acquisition process. From my vantage point in the SDIO, I have not identified any areas that should be added to the responsibilities of the ASD(C^3I).

BOW WAVE

Senator **Exon**. Much has been said and written over the past year about the so-called "bow-wave" we are generating in the future procurement accounts because of the number of new starts we are undertaking. In the past, the standard practice has been to stretch out programs and accept the fact that we were producing systems below the most efficient production rates. In today's budget situation, the consensus seems to be that we must terminate programs and be very careful about the number of new starts.

As the Assistant Secretary, one of your duties would be to control new starts and terminate on-going marginal research and development programs. What means do you see available for making these tough decisions?

Dr. **Smith**. One of the priority issues addressed by both the Packard Commission and the Goldwater-Nichols Reorganization Act was providing more management control over the milestone process of program approval. The Department, in implementing acquisition organization reform, created the Defense Acquisition Board (DAB) and a committee structure to review programs as they progress through the acquisition process.

The ASD(C^3I) chairs the C^3I Systems Committee which has the responsibility of reviewing all new starts and recommending disposition to the DAB chaired by the Under Secretary of Defense for Acquisition as the Defense Acquisition Executive. The DAB, on which the ASD(C^3I) sits, reviews the committee recommendations and in turn recommends the acquisition community position to the Defense Resources Board (DRB). The DRB, on which both the USD(A) and the ASD(C^3I) sit, has a global view of defense needs and, therefore, is the ultimate authority on whether or not to terminate a program or to delay or kill a new start. The DRB makes its decisions in the context of defense priorities and budgetary constraints.

ACQUISITION POLICY ROLE

Senator **Exon**. During the past year, and especially during Mr. Godwin's tenure, one of the problem areas that caused difficulty was the role of the Under Secretary in establishing acquisition policy. How do you see your role vis-a-vis the services and the Under Secretary of Defense for Acquisition in establishing acquisition policy?

Dr. **Smith**. The Under Secretary of Defense for Acquisition is clearly responsible for acquisition policy in the Department of Defense. The role of the ASD(C^3I) is to amplify in the C^3I area the policies established by the USD(A). I do not have a specific set of priorities in the area of acquisition policy apart from the Under Secretary's policies.

ORGANIZATIONAL STRUCTURE

Senator **Exon**. Dr. Smith, the organization structure in the Office of the Secretary of Defense seems to be set up in a way that invites conflict between the ASD(C^3I)

and the Director of Defense Research and Engineering (DDR&E). Both have many of the same responsibilities for research, development, acquisition and deployment of systems—who has responsibility for any particular system depends more or less on how it is defined.

Can you define for us how you would plan to handle what some might term a "turf" issue between the ASD(C^3I) and the DDR&E?

Dr. SMITH. I do not anticipate "turf" battles. For the most part systems are readily classified and can be separated into C^3I and Research and Engineering. Where gray areas arise, I have every confidence that the DDR&E and I can resolve the issues. As both of us report to the Under Secretary of Defense (Acquisition), he could be the arbiter of last resort in the unlikely event that we cannot agree.

SDI OVERSIGHT

Senator EXON. Dr. Smith, DOD Directive 5137.1, dated April 2, 1985, specifies that the ASD(C^3I) shall develop policies and issue guidance to DOD components for C^3I-related space systems. It also says that the ASD(C^3I) will review, validate and recommend requirements and priorities which ensure that DOD user requirements are fully considered in the development of C^3I plans and programs for space systems.

Does the ASD(C^3I) carry out this direction with respect to SDI? What functions does the ASD(C^3I) carry out in relation to SDI?

Dr. SMITH. Over the past two years, I have had the opportunity to see from SDIO's perspective, the influence the C^3I organization has had on the SDI program. In the past year there has been a noticeable increase in activity in that regard.

There has been an increased dialogue at the working levels in the BM/C^3 and the sensors areas. As you know, these areas are specifically subject to C^3I oversight.

The ASD(C^3I) was a member of the DAB that reviewed the SDI program last summer and was represented on the Strategic Systems Committee that also reviewed the program as a lead into the DAB deliberations.

Subsequently, there have been discussions regarding the Boost Surveillance and Tracking System (BSTS) and its role as a follow-on [deleted]. There is currently a study being conducted under the chairmanship of the Director, Strategic and Nuclear Forces, C^3, to recommend a course of action to resolve this issue.

JOINT PROGRAMS

Senator EXON. Joint service programs can have substantial benefits not only in development and procurement savings, but in greater interoperability. I don't know if you have had time to look into the matter, but if you have, where would you see your greatest opportunities for more jointness in C^3I programs?

Dr. SMITH. Supporting joint programs where they make sense is an important concern of the Under Secretary of Defense for Acquisition. C^3I is a major player in the joint program arena. Although I have not had sufficient time to look at specific programs in any depth, I will push for joint C^3I programs whenever it makes sense to do so.

PACKARD COMMISSION

Senator EXON. I am sure you are familiar with the Packard Commission recommendations and legislation last year affecting the acquisition system within the Department of Defense. The legislation last year envisioned a streamlined management structure, and established the Office of the Under Secretary of Defense for Acquisition to establish and oversee this structure. Would you describe for us your understanding of the legislation and the role you envision for yourself under it?

Dr. SMITH. Essentially, the Packard Commission recommended a streamlining of the acquisition chain to four levels: Defense Acquisition Executive, Service Acquisition Executive, Program Executive Officer, and Program Manager. In implementing the spirit of the Packard Commission, the Department established the Defense Acquisition Board (DAB) and a supporting Committee structure. The ASD(C^3I) chairs the C^3I Systems Committee which reviews all C^3I programs prior to milestone decisions. The ASD (C^3I) also sits as a member of the DAB.

I see several functions in my role as ASD(C^3I). I will be a staff advisor to the Under Secretary of Defense for Acquisition on day-to-day C^3I acquisition matters; I will chair the C^3I Systems Committee; sit on the DAB for major milestone reviews; and cooperate closely with the Service Acquisition Executives to resolve issues in the C^3I area.

COMPETITION

Senator **Exon**. We have seen a significant trend in recent years toward competition to reduce costs. Are we on the right track with respect to C^3I systems in this regard?

With the production stretchouts we invariably seem to have, are we kidding ourselves when we turn to competition and second sourcing to save money?

Dr. **Smith**. I am not familiar enough with results of increased competition in the C^3I area. With the mandated introduction of the Competition Advocate a strong emphasis has been placed on competition. In addition, Dr. Costello is committed to improving the acquisition process and one of his goals is to bolster industrial competitiveness.

Competition is a powerful tool in our economy but the degree of competition and the development of an acquisition strategy must be tailored to meet the needs of cost, schedule, and performance.

ASSISTANT SECRETARY OF DEFENSE FOR INTELLIGENCE

Senator **Exon**. Dr. Smith, as you may know, the House version of the Defense authorization bill would establish the position of Assistant Secretary of Defense for Intelligence. Both the Senate and House Intelligence Committees have expressed a strong interest in the creation of such a position. As the position to which you have been nominated now includes responsibility for the intelligence function, your views on the House provision would be useful.

In your view, should the intelligence function be removed from your office and assigned to a new Assistant Secretary of Defense for Intelligence?

Dr. **Smith**. I recognize that C^3 and I activities are both extremely important and deserve a great deal of attention. It seems to me that from an overall systems point of view it does make sense to keep the two entities under the ASD(C^3I). Intelligence from numerous collection sources have to be fuzed and communicated to the commanders in the field. It suggests to me that collection, fusion, dissemination and command and control are so interconnected that they warrant a combined oversight function at the ASD level.

[Whereupon, at 9:35 a.m., the hearing was adjourned.]

[The nomination of Gordon A. Smith, was reported to the Senate by Senator Sam Nunn on May 20, 1988 with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 23, 1988.]

NOMINATION OF MICHAEL P.W. STONE TO BE UNDER SECRETARY OF THE ARMY

FRIDAY, MAY 13, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES
Washington, DC.

The committee met, pursuant to notice, at 9:35 a.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon presiding.

Present: Senator Exon.

Staff present: Jeffrey H. Smith, general counsel; and Patrick A. Tucker, minority counsel; Pamela G. Powell, staff assistant.

Also present: Jeffery B. Subko, assistant to Senator Exon; and Samuel J. Routson, assistant to Senator Symms.

OPENING STATEMENT OF SENATOR J. JAMES EXON, PRESIDING

Senator EXON. The committee will now turn to testimony of Mr. Michael P.W. Stone, who has been nominated to be the Under Secretary of the Army.

He has been serving in that capacity on an acting basis since February, for nearly 2 years. Mr. Stone has been working in the Army Secretariat as the Assistant Secretary of the Army for Financial Management.

Mr. Stone brings to this position many years of experience in private industry and in Government. Mr. Stone attended Yale University, where his studies were interrupted by World War II.

He served during World War II as a naval aviator. He returned to Yale after the war and received his B.A. degree in 1948. He studied at the New York University Law School in 1948 and 1949, before entering private business.

Mr. Stone has wide-ranging business experiences to include farm equipment, diversified mining, paper products, and including, last but not least, and most importantly, wine making.

In 1982, Mr. Stone served with the United States Agency for International Development, serving first as a Mission Director in Cairo, Egypt, and then as a Director of the Caribbean Basin Initiative Affairs.

As I noted above, in 1986 he was nominated to the position of Assistant Secretary of the Army for Financial Management, where he served in that capacity until his appointment to be Under Secretary of the Army this spring.

Mr. Stone is married and has two grown sons. And his wife, Ann, is with him here this morning. We welcome you also, Ann, and appreciate your being here with your husband.

[The nomination reference of Michael P.W. Stone follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
March 31, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Michael P.W. Stone, of California, to be Under Secretary of the Army, vice James R. Ambrose, resigned.

[The biographical sketch of Michael P.W. Stone, which was transmitted to the committee at the time the nomination was referred follows:]

BIOGRAPHICAL SKETCH OF HON. MICHAEL P.W. STONE

On May 27, 1986 Mr. Michael P.W. Stone was sworn in as the Assistant Secretary of the Army (Financial Management) following Presidential nomination to the position on January 23, 1986. On February 28, 1988 the Secretary of the Army designated Mr. Stone Acting Under Secretary of the Army.

Mr. Stone's first U.S. Government position was in July 1982 when he joined the Agency for International Development (AID) to assume the responsibilities of Director of the U.S. Mission in Cairo, Egypt. That Mission is responsible for administering the United States Economic Assistance Program in Egypt, AID's largest administered program. Annual funding at that time amounted to approximately $1 billion and the total project portfolio of the Cairo Mission was approximately $2.7 billion. Mr. Stone's responsibilities included execution of 65 major projects.

When he returned to the United States at the end of 1985, Mr. Stone undertook an AID troubleshooting assignment in connection with the implementation of the Kissinger Commission recommendations in Caribbean Basin Initiative countries, particularly in Honduras, Guatemala, Costa Rica and Jamaica.

Mr. Stone's business experience is primarily in the paper industry. He was a founding partner in the early 1950's of a marketing and manufacturing paper company operating world-wide and based in San Francisco, California. Between 1960 and 1982 Mr. Stone was Vice President of the parent company and President of several of the parent company's subsidiaries. The parent company also started an integrated vineyard operation in California during this period, and Mr. Stone was President of that company as well from 1969 until 1982.

Mr. Stone began his military service in March 1943. In 1944 he graduated from Pensacola as a naval aviator. Subsequent to completing fighter school in Jacksonville, Florida, he was one of the few persons from the United States to fly with the Fleet Air Arm of the British Royal Navy. He was assigned to the British carrier HMS *Glory* and served in the Mediterranean and the Far East as a member of 1831 Squadron flying F4U Corsairs. During this period, Mr. Stone was also detached to a Royal Air Force base and completed a special low-level reconnaissance course flying Spitfires. His squadron completed its World War II service by participating in the surrender of the Japanese forces at Rabaul, New Guinea in September 1945.

Mr. Stone is married to the former Ann Donogh. He has two married sons, Prescott and Matthew. Mr. Stone received a B.A. from Yale University in 1948 and studied at New York University Law School in 1948 and 1949. He presently resides in Washington, D.C. His permanent home is San Francisco, California.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Michael P.W. Stone in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Michael Patrick William Stone.

2. **Position to which nominated:**
Under Secretary of the Army.

3. **Date of nomination:**
March 31, 1988.

4. **Address:** (List current place of residence and office addresses.)
Residence: [Nominee responded and the information is contained in the committee's executive files]
Office: Assistant Secretary of the Army (Financial Management), Department of the Army, Washington, D.C. 20310-0103.

5. **Date and place of birth:**
June 2, 1926—London, England.

6. **Martial Status:** (Include maiden name of wife or husband's name.)
Married: Althea Ann Donogh.

7. **Names and ages of children:**
Son: Prescott W. Stone—August 31, 1953.
Son: Matthew D. Stone—May 8, 1956.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Taft School, Watertown, Conn., 1937-1942.
Yale University, New Haven, Conn., 1942-1943.
Yale University, New Haven, Conn., 1946-1948, B.A.
New York University, New York, N.Y., 1948-1949.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
May 27, 1986-Present: Assistant Secretary of the Army (Financial Management) Department of the Army, Washington, D.C. 20310-0103.
March 22, 1986-May 27, 1986: Consultant (pending confirmation) Office of the Assistant Secretary of the Army (FM), Department of the Army, Washington, D.C. 20310-0103.
May 1982-January 1986: Director, Cairo Mission, U.S. AID, Cairo, Egypt and Washington, D.C.
August 1977-May 1982: President, Sterling Vineyards, Calistoga, California.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

I am a limited partner in several widely held investment partnerships, all of which are shown on Form 278. I am not involved in any way in the affairs of those entities.

I am a general partner in a family investment partnership (also shown on Form 278). This partnership has no asset that have any involvement with the Department of Defense.

None of the partnerships has any relationship with the Department of Defense, and it would be virtually impossible for any relationship to materialize.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Professional: American Society of Military Comptrollers.

Charitable: Audubon Naturalist Society, Academy of Natural Sciences, WETA, Smithsonian Associates, Earthwatch, Chesapeake Bay Foundation, American University in Cairo, Nature Conservancy, National Museum of Women in Arts, Conservation International.

Social: Bohemian Club, San Francisco, CA: San Francisco Golf Club, San Francisco, CA; Pacific Union Club, San Francisco, CA; Racquet and Tennis Club, New York, NY.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

Volunteers for Better Government, San Francisco, CA (not a party, but Republican-sponsored): San Francisco (supervisor elections), 1961–1965, President.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

1984, 1985, 1986—Maximum of $500 in each year either to George Bush or Republican National Committee.

1987—$500—George Bush.

1988—None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Yale Club of New York, Scholarship, 1947–1948.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

All speeches have been extemporaneous. Speeches during last two years have been on such topics as Army ADP, Goldwater-Nichols Defense Reorganization Act, and Army financial management issues.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Yes. President Reagan has forwarded my nomination based upon the recommendation of the Secretary of the Army, Mr. Marsh.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Service as Assistant Secretary of the Army (Financial Management) and prior chief executive officer experience in the private sector.

18. **Commitment to Testify Before Senate Committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the Committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Michael Patrick William Stone.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of gulity of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff desingated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 11th day of April, 1988.

MICHAEL P.W. STONE.

Senator EXON. Mr. Stone, a special welcome to you and your family. And I would be very pleased to hear any opening statement or remarks that you have at this time.

STATEMENT OF MICHAEL P.W. STONE, NOMINEE TO BE UNDER SECRETARY OF THE ARMY

Mr. STONE. Thank you, Mr. Chairman, for that introduction. I do not have a written statement, but I would like to make a couple of quick remarks, if I may.

First of all, Mr. Chairman, I appreciate very much your coming to chair this meeting this morning, and the presence of your members. I know that there is important legislation on the floor. I know you have to leave in a moment yourself to do that. It is very kind and courteous of you to continue to schedule this meeting in view of the press of that legislation.

My second remark concerns the honor that has been given to me in the last 2 years, and one that may come my way if I am confirmed. I sometimes wonder how a Navy pilot ended up in the Army. But as long as the Army has been willing to tolerate me for the last 2 years, I would like to express my humility at being a part of that extraordinary, fine institution.

It is an honor to have served with Jack Marsh, the Secretary of the Army. If I am confirmed in this new position, I will look forward to a continuation of that honor to serve with him and the U.S. Army.

Third and finally, I certainly will look forward to the opportunity in this new position of working even more closely with the Congress and with your committee. In my previous capacity as Assistant Secretary for Financial Management, that opportunity did not come my way very often, because of the conventional way in which evidence is given and hearings are conducted. In the case of the Under Secretary, that changes a little bit. I look forward to working with you as constructively as I can.

Those are the three comments that I wish to make.

Senator EXON. Mr. Stone, thank you very much. I may have some questions for the record which we will forward to you, and ask that you respond to them as quickly as possible.

As with the previous nominee, I have nothing but the highest regard, and I speak for the members of the committee and its staff. We are pleased not only with your background and your qualifications, but we are delighted that someone with your expertise is undertaking this important assignment.

I would ask you the customary question. Will you agree, if confirmed, to appear before this committee and subcommittees of this committee at an appropriate time, to an appropriate request on any matters that we would call you for advising this committee in our important efforts to bring forth legislation and policies that are instrumental and helpful to, not only you as an individual, but the great organization that you represent?

And last but not least, in the national security interests of the United States, would you agree to appear to answer our questions when called?

Mr. STONE. Yes I will, Mr. Chairman. I would be glad to respond to the best of my ability.

Senator EXON. Mr. Stone, with your background and with your experience, I would like to have you comment in any manner that you would like with regard to the concerns that I expressed from the previous witness with regard to the spending bow wave that we have headed our way.

As a former financial manager in this area, you have some particularly important expertise in that area. And also, if you could comment on what I think has become a growing problem with regard to the quality of the procurement that we have. Now in your case especially with regard to the Army.

You heard, I think, the discussion between the previous nominee and the Chairman with regard to such sentimental things as bolts for our tanks, which is, I am sure, an important matter to you.

Can you shed any light on all of these problems that we are having? And what, if anything, can we do to be of help to you and the other administrators in correcting what I think continues to be a growing concern of the members of the Armed Services Committee?

Mr. STONE. I listened with interest, Mr. Chairman, to the exchange between the Chair and Dr. Smith, and I was nodding to myself because of the relevance of the exchange.

I have been involved, if I could work backward from the several parts of your question, I have been involved very much personally in the last few weeks in that bolt issue, since it first surfaced.

When I say first surfaced, it is actually a problem that has gone back in terms of our recognition of it for well over a year now. It is a very serious problem. It is a serious problem for the United States, for the Pentagon, for the Army, for all parts of our country.

I would suggest, sir, that if you went into a hardware store in Lincoln or Omaha, there would be a good possibility, not a probability, but a good possibility that you could find in that store a bolt that was either mismarked or counterfeit. In other words, it was not what it represented to be. I would not necessarily think that that is the fault of the hardware store owner. It is a problem that exists at many levels of the supply structure of the United States. It also affects the manufacturers of equipment.

When you were talking, sir, about tanks, the manufacturer of the tank out in Warren, MI that uses bolts to assemble tanks, buys those bolts outside of the Pentagon supply system. In some cases, bolts that have been delivered to that supplier.

The same thing is true of the utility vehicle. Those bolts have been supplied to AM General through the supply system, not through the Pentagon system. Now, we are working very closely with those manufacturers. We are working very closely with the wholesale supply system. We have debarred already nine vendors of equipment.

You were talking with Dr. Smith about getting tough. We are getting tough already, and have gotten tough. We have debarred, as I said, nine suppliers. Indictments are pending against several of those suppliers, and I will continue to press those indictments.

We have carried out over 20,000 tests in the Army of bolts that either have been installed or are in our supply system today. Many of these bolts are fraudulently, in our opinion, supplied. We are doing everything to crack down on that fraudulence and to see that it does not happen again.

Overall quality, I am optimistic, Mr, Chairman. I do think that the United States can respond to the quality challenge that we have. I was down at Fort Hood last week looking at the fielding there of the new MSE communication system. It happens to be a very large procurement, a multi-billion dollar procurement.

The fielding is just starting to the Army. It is part of the bow wave that you are talking about, where the RDT and work in that system has been done over the last couple of years. It is an off-the-shelf procurement where we are not going through the very expensive phases of RDT other than to test; the third letter of those RDT.

The system testing at Fort Hood is going well. It is the first time it has been fielded at the division level. Vice Chief of the Army was down there yesterday. I was down last week. We are keeping a very close watch on it, and we are excited about the prospects that are developing.

We think we are going to have a quality system in the Army, and it can be done. It can be done in a way that represents the new approach, I think, in procurement. Dr. Smith mentioned it without actually identifying it.

One of the techniques that Dr. Costello is introducing is the concept called could-cost. We think that that will be beneficial in our joint efforts to improve the purchasing and acquisition process in the Army. I think we can do it, and I am optimistic about it. I look forward to working on it.

Senator EXON. Well, thank you very much. Those are important points that you have made, and I am delighted to hear that you are on top of this, as I assumed you were.

But I guess one of the problems that we have is not getting out the story as to what you are doing. Maybe the news media is not as much interested in that as they are finding a broken bolt on a highway.

So part of our job, it seems to me, as spokemen for the national defense interests of this country, is to tell the good along with the bad news. You know, we have been through the toilet seat episode and all those kinds of things that make great headlines.

And I know that those who work very hard and do an excellent job are never complimented. I think excellence is more routine than the scare stories that we hear.

Now, having said that, I still feel that maybe we have fallen back on that line of reasoning for far too long. It seems to me that it is time indeed for the crackdown that you have just alluded to.

I was particularly interested in your statements that indictments might be filed on some of these kinds of things. And all that I will say to you, once again, from a personal note, please check and see if you bought any 1985 Oldsmobiles.

And if you are bringing some kind of an action in that regard, I would like you to contact me. I can use whatever help I could get. Because at least I feel that I was defrauded when I bought something that I relied on as good quality.

Which brings us to this new buzz word that everybody applauds. Off-the-shelf. That is what we should do, we should buy things off the shelf. Well, I listened very carefully to your scenario of some of these people who are making tanks today, or buying off-the-shelf bolts, I guess.

That would be another way of saying it. Interestingly enough, I just went through a procurement of some bolts from hardware stores in Lincoln, NE to build a new fence for my black Labrador retriever, who would not mind and stay in the yard, which was of considerable concern to my wife, but not to me.

But I was detailed on my last trip home to stop this, so I built a new fence. And I had to buy a sizable number of bolts from 4 to 8 inches to construct this fence. And I remember one or two of them broke, and maybe I was an off-the-shelf buyer and that got me into this particular problem.

I say, though, when we talk about buying things off the shelf, that might sound awfully good. But my fixing a fence for my black Labrador retriever is not a life or death matter, as is the case when we are procuring material and equipment for the men and women who serve in our Armed Forces.

So if the bolt breaks on the fence, it is not going to be a critical thing. But when we talk about off-the-shelf, I think we have to be awfully careful that when we buy a radio receiver or a bolt or anything else off the shelf, that that does not in and of itself guarantee that because it is cheaper that it is cheaper in the long run.

And therefore I would hope that we can put a caveat in with regard to those off-the-shelf purchases and recognize that that is not necessarily all of the answer. Because, the main consideration, after all, with regard to national defense is, whether it is fundamentally sound or whether it is going to perform all of the time, or 99.99 percent of the time, that we expect it will.

Mr. STONE. Two quick comments, Mr. Chairman, if I could, and excuse me for interrupting.

I agree with your point completely. The off-the-shelf procurement process is a tool to help all of us in the Department of Defense to shorten the procurement process. But it should in no case be considered a substitute for an adequate quality control and testing process. And I feel very strongly about that.

The other point I would like to make is to pick up your comment about the other side of the story. One of the things when the bolt story started to break that concerned me was getting across the full story.

I have already taken steps to ask for an inverview with the Washington Post reporter that has been covering the story, and that is due to take place next week.

Senator EXON. Good luck. If I were a wagering man, I would suggest that the story will never get very big play.

Mr. Stone, further questions will be submitted to you for the record. We ask you to respond as quickly as possible. Thank you for being here this morning.

What I said to the previous nominee I now say to you. We are enthusiastic about your nomination. We have had excellent reports from staff who have been discussing this matter with you.

We did take time out of our hearings on the floor this morning to hold this hearing. I predict that both you, Mr. Stone, and the preceding nominee, will be quickly and rapidly approved by the Armed Services Committee, and approved by the United States Senate.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR J. JAMES EXON

HEALTH OF THE ARMY

Senator EXON. Mr. Stone, it seems that the Army is at a crossroads. As we enter the post-INF situation in Europe (assuming the INF Treaty will be ratified), conventional forces become a great deal more important than in the past. Yet the committee has received disturbing testimony about the capability of our forces:

The armor-antiarmor balance in Europe is deteriorating. We received testimony that Army bullets will bounce off Soviet tanks if the war started tomorrow.

The readiness of the combat support and combat service support units in the Army and Army Reserve is very low.

Most of the Army's primary combat systems are scheduled to end production in the next few years, yet only a third of the Army has been modernized.

How would you grade the health of the Army and its ability to carry out its defense missions? Are we ready to meet our conventional defense requirements in NATO if the INF Treaty is ratified?

Mr. STONE. I believe the Army is indeed able to carry out its principal mission of deterring aggression. The INF Treaty removes a considerable threat to the ports and lines of communication we depend on to reinforce our forward deployed forces. It will enhance our security and contribute to the strategy of deterrence that has given Europe more than 40 years of peace.

If deterrence fails, the mission of the Army is defeat the full spectrum of threats. At the high end of that spectrum, the Army's conventional forces must blunt a high speed Soviet-Warsaw Pact conventional operation aimed at overwhelming NATO's defenses before NATO is fully deployed. Deterrence requires that Soviet leaders perceive our forward-deployed forces as strong enough to contain such an attack, and our will to keep them that way as unshakable.

The Soviets' introduction of improved basic armor and their fielding of reactive armor are legitimate grounds for national concern. I must note, however, that our munitions do not really "bounce off" the improved Soviet tanks. They will inflict serious damage. But the assurance that a single round will defeat the best Soviet tank is no longer as high as we want it, and we seek your assistance in rectifying this urgent problem.

Given the major role that the National Guard and the Army Reserve play in the Total Army's warfighting capability, the readiness of Reserve component units is always of concern. Limited resources, however, require that priorities be established. The M+10 essential force, where Guard and Reserve units comprise the majority of our early deploying combat support and combat service support capability, is second in priority only to the forward-deployed units whose presence overseas constitutes our most unmistakable form of deterrence. Later deploying units—the rest of the Total Army—are not as ready.

We earlier calculated that we were a third of the way toward our modernization objective. But modernization is a two-sided game. Soviet modernization continues unabated despite official pronouncements of a new doctrine of "reasonable sufficiency." It is clear that we need to increase our objectives for key systems like the Apache, the M1A1, and the Bradley. We are considering how to do that within resource limits. To assure that our future capability will convincingly overmatch the threat, we have programmed the termination of some current systems only to field more advanced capabilities. You have to view modernization as a journey, not a destination. The Soviet trends we see suggest that our journey will not soon be over.

In sum, today's Army has achieved tremendous momentum in its ability to meet the essential warfighting requirements of the Commanders in Chief. The programs presented in the budget you are now considering are adequate to maintain that momemntum in the short run. The challenges you have asked me to address are real. They must be confronted or that momentum may be dissipated and our ability to secure America's future imperiled.

DECLINING DEFENSE BUDGETS

Senator EXON. How is the Army going to fit all its programs into static or declining defense budgets? Can you keep all the main combat systems in production, maintain current readiness and not impose reductions in force structure?

Mr. STONE. The Army will not be able to fit all of its programs into the current share of a declining defense program. We will be making every effort to increase our share of the defense budget in light of the increased reliance on conventional forces. If it is necessary to decrease our investment in modernization, we will keep major weapon systems in production, and terminate production of other systems.

We will not engage in an uneconomical stretch out program using inefficient procurement rates. Actions we have already taken to reduce Active, Reserve component and civilian end strength levels will take some of the pressure off of future budget submissions. No additional force structure reductions are contemplated. Our managerial challenge is to balance the requirement in the manner to best meet national objectives.

DEFENSE REORGANIZATION ACT

Senator EXON. How well is the Army doing complying with the reorganization directives of the Goldwater-Nichols Defense Reorganization Act? I am specifically interested in the acquisition area.

Mr. STONE. The Army has fully implemented the reorganization dictated by the Goldwater-Nichols Reorganization Act. We have established a single acquistion staff at the Secretariat level. The integration of the Army and Secretariat staffs resulted in a decrease of personnel from 351 to 210. Currently, the acquisition staff is functioning, and functioning well.

The Army Acquisition Executive is responsible for acquisition policy, oversight, and execution of the Army's acquisition program. Functions previously performed by the Army Staff are now performed by the Secretariat staff. Former civilian Secretariat officials are in positions of key authority.

Although not specifically mandated by Goldwater-Nichols, the Army has also vigorously adopted the three tiered management structure directed by National Security Decision Directive 219. Program managers report directly to Program Executive Officers who report directly to the Army Acquisition Executive. All of the Army's major Defense Acquisition Programs are managed within this structure.

WAR STOPPERS

Senator EXON. Mr. Stone, the report also highlighted a potential "war stopper" in medical support. The report indicated critical shortages of 7,100 doctors, 31,000 nurses, and 73,000 enlisted medical technicians in the reserve forces. The bulk of these shortages are in Army Guard and Reserve Forces. Are you aware of the seriousness of this problem and how do you intend to handle it?

Mr. STONE. The Army continues to experience shortages in the Reserve componets in physicians, nurses and medical enlisted personnel. Total physician requirements are 14,845 with shortages of approximately 3,100, primarily in anesthesiologists, general surgeons and orthopedic surgeons. There are approximately 15,500 nurse shortages out of a total requirement of 30,041. The bulk of these shortfalls are in the specialty areas of nurse anesthetist, operating room and medical/surgical nurses. Enlisted requirements are 132,025 with shortages of approximately 10,000. The majority of the enlisted shortages are in practical nurses and medical NCOs.

The Army's medical force structure includes both the field units to support the Theater Commanders' mission and the Continental United States (CONUS) medical base to sustain the force. The Army currently has sufficient health care providers to meet the Theater Commanders' requirements with the exception of some surgical specialties. The resolutions that are being aggressively pursued to alleviate total force shortfalls include several new and innovative recruiting initiatives such as the New Specialized Training Assistance Program and the Health Professional Loan Repayment Program. These recruiting and retention actions are made possible by congressional appropriations and are anticipated to greatly alleviate the shortages that we are curently experiencing. Although much remains to be accomplished in meeting all of our full wartime requirements, genuine progress has been made in all components in recruiting health care professionals.

TRANSFER OF MISSIONS TO THE GUARD AND RESERVE

Senator EXON. Mr. Stone, former Chief of Staff of the Army General Shy Meyer is quoted as saying, "the noodle has been pushed up the hill about as far as it can be in turning new missions over to the Guard and Reserve."

Do you agree with this statement and what do you think we need to do on this?

Mr. STONE. Active component—AC—force structure is the principal land force deterrent. The Reserve component—RC—balance of the Total Army is that which is fiscally and demographically supportable. The amended budget submission for fiscal year 1989 cut AC end strength by 8600. Among other reductions, this cut in end strength caused the inactivation of a divisional brigade and the deferred activation of two battalions. The RC has been given the mission to backfill the eliminated brigade and to grow one of the deferred battalions. These mission realignments were necessitated by budget reductions and force structure requirements. Any further reduction of AC end strength would require consideration of additional missions for the Reserve components. Analysis of RC capability to support and execute such missions would be done prior to any transfer of missions.

Senator EXON. Thank your for being here this morning, and we look forward to working with you on the important matters of national security interests of the United States. Thank you very much. We are adjourned.

[Whereupon, at 9:50 a.m., the hearing was adjourned.]

[The nomination of Michael P.W. Stone, was reported to the Senate by Senator Sam Nunn on May 20, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 23, 1988.]

NOMINATION OF KENNETH P. BERGQUIST TO BE ASSISTANT SECRETARY OF THE NAVY FOR MANPOWER AND RESERVE AFFAIRS

FRIDAY, MAY 27, 1988

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 10:45 a.m., in room SR-222, Russell Senate Office Building, Senator Richard C. Shelby presiding.

Present: Senators Shelby, Exon, Thurmond, and McCain.

Staff present: Arnold L. Punaro, staff director; Romie L. Brownlee, deputy staff director for the minority; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; David S. Lyles, Frederick F.Y. Pang, and Patricia L. Watson, professional staff members; Pamela G. Powell, staff assistant.

Also present: Terrence M. Lynch, assistant to Senator Shelby; Jeffrey B. Subko, assistant to Senator Exon.

OPENING STATEMENT BY SENATOR RICHARD C. SHELBY, PRESIDING

Senator Shelby. The committee will come to order.

The committee meets today to consider the nomination of Mr. Kenneth P. Bergquist to be Assistant Secretary of the Navy for Manpower and Reserve Affairs. Senator Glenn intended to chair the hearing but had a death in the family and had to leave.

Mr. Bergquist comes to the committee well qualified to fill the position for which he has been nominated. I note that he has previously served as Deputy Assistant Secretary of the Army for Readiness, Force Management and Training, and as Deputy Assistant Secretary of the Army for Reserve Affairs and Mobilization.

I believe this experience, plus his military background—he served in the Active Army from 1967 to 1974 as an infantry officer and presently holds the rank of lieutenant colonel in the Army Reserve—will certainly help him in hitting the deck and running in the job for which he has been nominated.

[The nomination reference of Kenneth P. Bergquist follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 16, 1988.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Kenneth P. Bergquist, of Virginia, to be an Assistant Secretary of the Navy, vice Charles G. Untermeyer, resigned.

[The biographical sketch of Kenneth P. Bergquist, which was transmitted to the committee at the time the nomination was referred follows:]

BIOGRAPHICAL SKETCH OF KENNETH P. BERGQUIST

Kenneth P. Bergquist, 1826 Deer Drive, McLean, VA 22101, (703) 448-9248.

Employment Experience:

1988-Present—Consultant, Department of Defense.

1986-1988—Deputy Assistant Attorney General (Senate Affairs), OAAG (Legislative Affairs) Washington, D.C.

1983-1986—Deputy Assistant Secretary of the Army (Readiness, Force Management and Training), OASA (MRA), Washington, D.C.

1981-1983—Deputy Assistant Secretary of the Army (Reserve Affairs and Mobilization), OASA (MRA), Washington, D.C.

1981-1981—Chief Counsel and Staff Director, Committee on Veterans' Affairs, United States Senate, Washington, D.C.

1979-1980—Minority Counsel, Committee on Veterans' Affairs, United States Senate, Washington, D.C.

1978-1979—Legislative Counsel to Senator Alan K. Simpson, United States Senate, Washington, D.C.

1977-1978—Operational Intelligence Officer, Central Intelligence Agency, Washington, D.C.

1974-1977—Student, University of Texas School of Law, Austin, Texas.

Educational Background: Stanford University, Stanford, California, Bachelor of Arts degree in Political Science, 1967; University of Texas School of Law, Austin, Texas, Juris Doctor degree with honors, 1977.

Bar Membership: State of Virginia.

Military Experience: Active Duty Second Lieutenant through Captain, Infantry, U.S. Army 1967-1974. Assignments included the United States Modern Pentathalon Team; Rifle Platoon Leader, 173rd Airborne Brigade; Battalion Senior Advisor, Vietnamese Airborne Division; and Rifle Company Commander 1st Cavalry Division (Airmobile).

Decorations: Silver Star, Six Bronze Stars, Two Purple Hearts and various other awards for valor and service.

Reserve Assignment: Presently holds the Reserve rank of lieutenant colonel and is assigned upon mobilization to the 1st Special Operations Command (Airborne), Fort Bragg, NC.

Personal: Married to Jane Elise (Plewes) Bergquist of San Antonio, Texas. Two children: Kristen Elise (1974) and Katherine Jane (1980).

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Kenneth P. Bergquist in connection with his nomination follows:]

UNITED STATES SENTATE COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202)224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE. Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

Instructions to the Nominee: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Kenneth Paul Bergquist, Jr. (Although I do not routinely use the "Jr.").

2. **Position to which nominated:**
Assistant Secretary of the Navy (Manpower and Reserve Affairs).

3. **Date of nomination:**
May 16, 1988.

4. **Address:** (List current place of residence and office addresses.)
Residence: [Nominee responded and the information is contained in the committee's executive files].
Office: Office of the Secretary of Defense, Department of Defense, Washington, D.C. 20350, (202) 694-5410.

5. **Date and place of birth:**
July 12, 1944, Washington, D.C.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married, Jane Elise (Plewes) Bergquist.

7. **Names and ages of children:**
Kristen Elise Bergquist, age 13; Katherine Jane Bergquist, age 7.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
University of Texas, September 1974 through May 1977, JD (1977).
Stanford University, June 1964 through March 1967, BA (1967).
U.S. Naval Academy, June 1962 through June 1964, None.
Concord High School, Concord, MA, March 1960 through June 1962, HS (1962).
Phillips Academy, Andover, MA, September 1958 through March 1960, None.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

1988-Present. Consultant, Office of the Secretary of Defense, Department of Defense, The Pentagon, Washington, D.C. 20301.

Full-time consultant to the Department of Defense on various manpower and personnel issues.

1986-1988. Deputy Assistant Attorney General, Office of Legislative Affairs, Department of Justice, Constitution Avenue and Tenth St., NW, Washington, D.C. 20530.

Responsible for the development and execution of strategy to achieve passage of legislative initiatives and to further the legislative interests of the Department. Also responsible for the preparation of all Federal judicial nominees for individual Senate confirmation hearings.

1983-1986. Deputy Assistant Secretary of the Army (Readiness, Force Management and Training), Department of the Army, Washington, D.C. 20310.

Responsible for executive leadership and policy development in the management of the Army's military and civilian manpower programs to include training and force structuring. Additionally, responsible within the Secretariat for directing efforts to enhance the capabilities and readiness of Army Special Operations Forces.

1982–1983. Deputy Assistant Secretary of the Army (Reserve Affairs and Mobilization), Department of the Army, Washington, D.C. 20310.

Responsible for executive leadership and policy development in the management of the Army National Guard and the Army Reserve and in the development of mobilization and industrial policies necessary to support a major deployment of Army forces. Also required to make frequent public appearances in behalf of the Secretary of the Army.

1981–1982. Chief Counsel and Staff Director, Committee on Veterans' Affairs, United States Senate, Washington, D.C. 20510.

Responsible for the execution of legislative oversight of the Veterans Administration and for the development of legislation affecting veterans of the United States Armed Forces and their families. Supervision of a professional staff of twenty-two personnel and the execution of a committee annual operating budget of $1 million.

1980–1981. Minority Counsel and Staff Director, Committee on Veterans' Affairs, United States Senate, Washington, D.C. 20510.

Responsible for coordinating the Minority Members' interest in the functions of the committee as described immediately above. Included supervision of a professional staff of seven personnel.

1979–1980. Legislative Counsel, Office of Senator Alan K. Simpson, United States Senate, Washington, D.C. 20510.

Responsible for the analysis of legislation concerning foreign affairs, foreign trade, intelligence, defense, taxation, and veterans affairs. Advise and assist Senator Simpson in the execution of his legislative responsibilities during the 96th Congress.

1977–1979. Operational Intelligence Officer, The Central Intelligence Agency, Washington, D.C. 20505.

Operational and supervisory responsibility for a variety of intelligence collection and paramilitary activities requiring extensive foreign travel.

10. **Government experience**: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Other than the service listed previously, I served as an infantry officer in the United States Army during the period April 1967 through July 1974.

11. **Business relationships**: List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships**: List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Virginia State Bar, 801 Main Street, Richmond, VA 23219, (804) 786–2061. I have been a member since 1977 and my ID Number is 017060.

Tuckahoe Recreation Club, 1814 Great Falls Street, McLean, VA 22101, (703) 356–1205. I have been a member for seven years. This is a community swim and tennis club. Membership Number 4012.

D.C. Masters Swim Club, c/o David McAfee, 510 E. Broad Street, Falls Church, VA 22046, (703) 532–7775. I have been a member of this competitive masters swimming team for seven years.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards**: List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Military Decorations: Silver Star, Bronze Star (6), Meritorious Service Medal (2), Air Medal (4), Army Commendation Medal (3), Purple Heart (2), Army Achievement Medal and various other service medals.

Department of the Army Distinguished Civilian Service Medal.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

I wrote an article on Mobilization for "Army Reserve" Magazine, published in 1982. (Retained in committee files.)

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

I made remarks at a symposium on Special Operations in March 1983, which were transcribed and later published. (Retained in committee files.)

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I presume because I was considered qualified.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have a broad background in Federal service that includes military service, legal experience, service as a staff member of the Senate, and experience as an official of the Army Secretariat, dealing with manpower and Reserve affairs.

18. **Commitment to Testify Before Senate Committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED ON NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Kenneth P. Bergquist.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employers, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contender) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compenation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions, with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

KENNETH P. BERGQUIST.

This 17th day of May, 1988.

Senator **SHELBY**. Mr. Bergquist, the committee welcomes you and your family—your wife Jane, your daughters Kristen and Katherine. I will have a few questions for you after any opening statement that you may have.

STATEMENT OF KENNETH P. BERGQUIST, ASSISTANT SECRETARY OF THE NAVY FOR MANPOWER AND RESERVE AFFAIRS-DESIGNATE

Mr. **BERGQUIST**. Thank you, Senator. I appreciate the opportunity of being here. I look forward to an opportunity in the future to meet with Senator Glenn personally. I understand that he did have a death in his family and could not be here.

I have no formal opening statement other than to say it is my pleasure to be here.

Senator **SHELBY**. Chairman Nunn, as you know, is involved in the INF debate on the floor. He sends his welcome as well as regrets that he may not be able to attend this morning's meeting to you.

Assuming your nomination is confirmed—and I have no reason to believe that it would not be—you will be coming on board in the Navy just before transition in the civilian leadership. Nonetheless, there are important issues that I believe you can have an impact on.

Specifically, the committee has included the requirement in the Defense authorization bill for fiscal year 1989, which is pending final action in the Senate, for the DOD to submit a comprehensive legislative proposal addressing the management, retention and compensation of aviators. We have required the DOD to submit this proposal to us not later than December 1, 1988, which is just a few months away.

Since the Navy has a very large stake in this, I believe this is one area that you will have and will give an immediate priority to. At this point I will ask if there are any other Members who have opening statements? Senator McCain.

Senator **McCAIN**. Thank you, Mr. Chairman.

I have no statement, Mr. Chairman.

As you can see, Mr. Bergquist, this hearing is one of great importance to the rest of the committee. I want to congratulate you on your assignment. From my previous knowledge of you and your performance, I am sure you will do an outstanding job.

I know you are aware of some of the specific manpower problems that the Navy has today, particularly in the area of pilot retention, and I wonder if you had any thoughts as to how we can reconcile the different positions taken by the Air Force and the Navy as to how to address the pilot retention problem that we are going to have to take up again next year.

As you know, what we did this year I think was basically a stopgap measure.

Mr. **Bergquist**. Yes, Senator. As you may know, the Navy has done an extensive study of pilot retention. It is a topic that has many facets because we are dealing with the various types of aviators in the Navy. As you know, the Navy has helicopter pilots and fixed-wing pilots. The fixed-wing pilots are either jet or prop pilots. The Marine Crops also has its pilots of varying types.

The retention statistics on these are different and for different reasons. So it is a multi-faceted problem that the Navy has already taken great strides to look into. I believe that the armed services can, within the time required, give you a report in December that outlines exactly what is necessary to assure that DOD can attract and retain the pilot force needed in each of our armed services.

So all I can say now is that the Navy appreciates the flexibility that the Congress has accorded us with incentive pay, and also the military service obligation for pilots. We think that we can use these stopgap measures intelligently until such time as we can come up with a comprehensive report that the Congress is going to require.

Senator **McCain**. I appreciate that, and I hope that you will also be able to work with the Air Force, your counterpart in the Air Force, because it would be nice—not absolutely necessary, but it would be very nice—if we could have a common policy. We may not be able to do that, because clearly the Air Force has different needs right now. Their retention problems lie in a very different area.

I also think it might be worthwhile for you to look into the fact that the Marine Corps is not experiencing a problem with pilot retention and the Navy is. Being a former naval person, I do not recommend adopting Marine Corps methods, but I would certainly try to see what they are doing that has caused us to have a very significant difference in retention.

It is hard for me to accept that it is simply because the Marines do not have these extensive tours of sea duty, because, as you and I know, the Marines are indeed operating squadrons off of aircraft carriers, although not with the frequency that the Navy does.

So I would be very interested in that comparison.

Mr. **Bergquist**. I have talked to General Hudson at length on this topic, and also Admiral Edney, and the Marine Corps is different because the structure of its pilot force, its mix, and the pyramid shape of this pilot force is different than the Navy's. They are actually encouraging Marine Corps aviators to move into other services at about the 12-year point because the Marine Corps is managing to retain more than they actually need in the senior pilot career force.

When a Marine Corps aviator transfers to the Navy, the Navy gets a fully-qualified naval aviator because they went through Pensacola. Even the Air Force is picking up some of these excess Marine pilots.

We are going to have to look at the problem intelligently and hopefully not try to cram each armed service into the same pay mold if each have different requirements and if there are service unique circumstances that impact on the situation. We would hope, though, that we could have some commonality of policy, but we may require enough flexibility built into the system to allow each of the services to tailor the resources necessary to retain its pilot force and, at the same time, achieve maximum advantage of the resources that are available.

Senator **McCain**. Mr. Chairman, thank you. I just have one more issue to raise with Mr. Bergquist, and it is more a comment than a question.

I am sure you have seen the story this morning in the Washington Post about the selection of a replacement for Admiral Kelso as commander of the Atlantic Fleet. Frankly, I am very disturbed, if the report is true, that we are selecting a person who has not been to sea since 1973 as commander of the Atlantic Fleet.

I intend to look into this situation further. I cannot help but be reminded of the Gilbert and Sullivan line from HMS Pinafore, which I think I remember goes "Stick close to your desk and never go to sea, and you all may be rulers of the Queen's Navy." And I think that it would be a terrible mistake if we send a message throughout our Navy that the way to achieve the rank of four-star is to spend the last 15 years without sea duty.

So this Senator intends to look into this situation and I hope that some of my other colleagues will as well, because I cannot believe that it is sending the message that we want to send to young naval officers. But I do not expect you to comment on that.

Mr. **Bergquist**. My only comment is that I read the article you mentioned in the paper this morning.

Senator **McCain**. Thank you. Thank you, Mr. Chairman. Again, congratulations.

Senator **Shelby**. Senator Thurmond.

Senator **Thurmond**. Mr. Chairman, I do not have any questions. I have previously endorsed Mr. Bergquist for another position. I will endorse him for this one. I think he is a good man and will do a fine job.

Mr. **Bergquist**. Thank you, Senator.

Senator **Shelby**. Mr. Bergquist, Senator Glenn, as you know, has had to go out of town. Senator Glenn asked a question of the Navy in the Manpower and Personnel Subcommittee hearing on March 24 of this year about the increase in aviator bonus payments to Navy flight officers. He asked this question because report language on this committee's action last year in the Defense authorization bill for fiscal year 1988 and 1989 directed that the bonus may not be offered to NFOs except in those aviation communities in which critical shortages of NFOs exist.

The response he received indicates that the Navy has ignored this direction. Of the five NFO communities the Navy intends to pay the bonus to, only one is short; the other four are over. I repeat, over. This is clearly unsatisfactory. Would you please look into this and get it corrected and close the loop with us?

Mr. **Bergquist**. Yes, sir. Senator, I will make that one of my first priorities, if I am confirmed.

Senator **Shelby**. Mr. Bergquist, we have some other questions for you for the record, which we will submit you. Staff will give them to you. And this will enable us to close the hearing and the record will be open for your answers.

Mr. **Bergquist**. Thank you.

Senator **Shelby**. I do appreciate your coming here this morning. We do apologize for what is going on on the floor, but, you know, that is serious business.

Mr. **Bergquist**. No apology is necessary, Senator.

Senator **Shelby**. We are going to get the INF and DOD debates moving today. Maybe we are optimistic, so that is why a lot of us are missing today.

Mr. **Bergquist**. I notice that many of the staff are a little bleary-eyed Senator.

Senator **Shelby**. We appreciate your being here and look forward to moving your nomination.

Mr. **Bergquist**. Thank you, Senator.

[Questions for the hearing record with answers supplied follows:]

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

MANAGEMENT

Senator **Shelby**. Mr. Bergquist one of the problems we have encountered in dealing with manpower and personnel issues is the apparent inability of the Department of Defense to speak with one voice. This situation has improved somewhat since Grant Green assumed the position of Assistant Secretary of Defense for Force Management and Personnel early this year. For example, the DOD has apparently finally gotten its act together on the officer cut issue and I hope we will be able to get that issue behind us. But, DOD still has a long way to go as far as full cohesion is concerned and Mr. Green will need your help.

What is your view of the relationship between the role of the Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs and Mr. Green's office?

Mr. **Bergquist**. I anticipated a close working relationship with Mr. Green and his staff. I certainly appreciate the need for the Department of Defense to speak with one voice.

Senator **Shelly**. How would you view your relationship to the Chief of Naval Personnel, Admiral Edney?

Mr. **Bergquist**. During the past few months I have had the opportunity to get to know the Chief of Naval Personnel, Admiral Edney. He is a straight forward professional doing a superlative job. I am certain that we will continue to work closely on all personnel matters.

Senator **Shelly**. Would you consider the relationships under your Reserve affairs hat—that is with Steve Duncan, the Assistant Secretary of Defense for Reserve Affairs and Admiral Smith, the Director of the Naval Reserve—to be along the same lines as in manpower?

Mr. **Bergquist**. Yes, I do. During my 5 years as a Deputy Assistant Secretary of the Army, I worked with the OSD staff and in particular with the Reserve Affairs office. I am very familar with the necessity for coordination and information exchange.

Senator **Shelly**. Can we turn to you, if you are appointed, as the penultimate authority on Navy manpower and Reserve affairs issues?

Mr. **Bergquist**. Certainly, I intend to carry out my responsibilities as the ultimate authority on Navy and Marine Corps manpower and Reserve affairs.

Senator **Shelly**. Mr. Bergquist, there will obviously be times, because of budget constraints or policy conflicts, that you would have to rule against specific manpower or reserve programs.

How much authority do you feel you have in this? In other words, how willing are you to not merely rubberstamp but to wear the "black hat" when it is warranted?

Mr. **Bergquist**. My job is to express my opinions to the Secretary of the Navy and to participate actively in the formation of budgetary and policy issues with the Navy and Marine Corps staffs. I believe I have sufficient authority as well as ample opportunity to advocate my views and to make the hard decisions based on fiscal and political realities.

MEDICAL MANPOWER

Senator **Shelby**. Mr. Bergquist, one of the most serious manpower problems in the Navy in both Active and Reserve components is in medical manpower. This is not a new problem but one that has been nagging us for some time. It appears to us that one of the reasons improvements have been slow in coming is the apparent lack of understanding of who is in charge of medical manpower for the total force.

What do you perceive as the role of the office to which you are being nominated to work this problem?

Mr. **Bergquist**. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) is responsible for developing manpower management policies that will best provide an equitable distribution of personnel throughout the Department of the Navy. I must balance our policies across programs, competing resource requirements, and the Active and Reserve forces. For the forseeable future, endstrength will be a precious commodity. Balancing our manpower resources between the need to support deployments and the obligation to take care of our people will be a challenge. Innovative thinking will be required to resolve our manpower problems.

As endstrength becomes more scarce, we must do a better job of articulating our real requirements. This means we must develop realistic, defendable staffing standards for all medical department positions, both Active and Reserve. We will then be obligated to fill all of the Active and Reserve component positions authorized by the Congress.

MARINE CORPS EXCHANGE FUND LOSS

Senator **Shelby**. Mr. Bergquist, an issue I want to raise with you so you can monitor it is the on-going investigation on the loss of $20 million in Marine Corps Exchange Service funds. The money was lost because of flawed investment practices. It is appalling to me how the Marine Corps Exchange Service could lose $20 million that belongs to our Marines—this is money that would have gone into morale, welfare and recreation for Marines—before anyone knew about it.

Are you aware of this investigation and if not would you agree to monitor it critically and keep us advised?

Mr. **Bergquist**. Yes, I have been briefed. The entire case has been referred to the Department of Justice and I will keep you advised of further developments.

MEDICAL MANPOWER

Senator **Shelby**. Mr. Bergquist, there seems to be a lack of sufficient ancillary medical support staff in both military and civilian positions. By not staffing these positions to necessary levels, physicians cannot practice to their maximum efficiency thereby producing higher costs for the taxpayer and job dissatisfaction for physicians.

What steps would you consider proposing to correct medical support staff shortages?

Mr. **Bergquist**. Several actions will be required to resolve these shortages. We must continue to press for the development, review, approval, and implementation of the DOD wide medical staffing standards. These standards will be needed to fully define the problem. In the meantime, we are reinstating civilian personnel displaced by the Navy's military substitution program. The original program displaced 882 medical department civilian personnel over fiscal years 1987, 1988, and 1989. Concurrently, 1,780 non-medical military billets are being added. Approximately 60 percent of these billets will be filled by the end of fiscal year 1989. Unfortunately, the non-medical military billets do not provide a one-for-one match with the displaced civilian positions. Our preliminary analysis indicates we will need to add a minimum of 200 additional civilian support personnel in fiscal year 1989.

"WAR-STOPPING" SHORTFALLS

Senator **Shelby**. "War-stopping" shortfalls in the Selected Reserve have yet to be turned around. The Navy is currently short approximately 52 percent of physicians and 72 percent of nurses required in critical wartime skills. These are startling figures to say the least. In recognition of this problem, the Senate has included a provision in the fiscal year 1989 Defense authorization bill providing for a test program utilizing an affiliation bonus for health care professionals in the Reserve components.

What are your views on how these critical shortfalls in the Reserve components could be addressed?

Mr. BERGQUIST. The shortfalls in Selected Reserve personnel continue to be a serious problem, but the situation has improved. In all Naval Reserve programs, physician billets are manned at 71 percent, reflecting a 88 percent manning in the hospital backfill mission, but only a 62 percent manning in the Fleet Hospital program. The shortfall in nurses is greater. They are manned at only 58 percent in all programs, with only 34 percent of the Fleet Hospital billets occupied and 83 percent of the hospital billets. Within the next year, the higher manning priority for the Fleet Hospitals will correct most of the manning shortfalls in that program. New legislation will allow physicians and nurses to be accessed up to age 47, increasing the size of pool from which we can recruit. I intend to emphasize the personalized drilling options that should attract people as Individual Mobilization Augmentees with flexible drilling hours or to the Physician Reservists in Medical Universities and Schools (PRIMUS). Both of these programs are now open to all nurses. Nurses should be recruited in increasing numbers by the expanded scope of the Loan Repayment/Stipend Programs. I intend to advocate similar programs which will attract more physicians and nurses to the Selected Reserve. An example is the proposed Navy expanded Drill Opportunities Clinical (NEDOC), a program which provides expanded opportunities to work in our hospitals and clinics. One of the encouraging statistics on SELRES manning is within the enlisted community. The authorized endstrength of the Hospital Corps is projected to be met during this fiscal year, and we are addressing the problems within the enlisted specialty via the Reserve Allied Medical Personnel (RAMP) program and modularization of course curriculum. The concept of an affiliation bonus may be an important retention factor, but the results of the test program must be carefully evaluated. Previous information indicates that reservists are more concerned about meaningful training (i.e. Fleet Hospital Operations Course), and relief from administrative burdens and physical examinations, than monetary incentives.

MILITARY MEDICAL SYSTEM

Senator SHELBY. Our committee has become increasingly concerned over the state of the active duty military medical system as well. There is an apparent increase in the exodus of senior active duty physician specialists, particularly in the Navy.

Are you aware of a problem with retaining senior physicians? Would you like to comment on what could be done to help prevent problems in this area?

Mr. BERGQUIST. Yes, I am aware of the problems we are having retaining our senior, as well as mid-grade, physicians. This is a critical medical manpower problem that requires our immediate attention. Our senior, experienced physicians are our teachers and leaders. These are the personnel from which we select our graduate medical education faculty and ultimately the majority of our medical department flag officers. There are several actions which are being taken to slow the exodus of senior Navy physicians. The Congress is presently considering a one time boost in the various special pays received by military physicians. This important initiative will give us a little breathing room to more fully develop comprehensive long term changes to our physician compensation packages. To relieve our physicians of some of their clinical workload the Navy has avoided taking any of the mandated officer reductions from the medical department. In fact, we will be increasing the number of medical department personnel. Medical authorizations are planned to increase from 12,664 officers and 29,970 enlisted billets in fiscal year 1988 to 12,794 officers and 30,882 enlisted billets in fiscal year 1992. Complementing our programmed growth will be increased levels of effort in contracting and additional NAVCARE clinics. Our efforts to substantially increase our recruiting efforts in fiscal year 1988 are already paying off. Volunteer physician accessions for this fiscal year, have already exceeded our fiscal year 1987 numbers; 18 in fiscal year 1987, and 32 so far this year.

The Navy is committed to balanced, real growth in the number of physicians and support staff over the next several years. The Congress' sustained assistance will be essential to the success of this important program.

Senator SHELBY. This closes the hearing.

[Whereupon, at 10:15 a.m., the committee adjourned.]

[The nomination of Kenneth P. Bergquist, was reported to the Senate by Senator Sam Nunn on June 10, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on June 16, 1988.]

NOMINATION OF DAVID S.C. CHU TO BE ASSISTANT SECRETARY OF DEFENSE FOR PROGRAM ANALYSIS AND EVALUATION

FRIDAY, JUNE 24, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., Senator Edward M. Kennedy presiding.

Present: Senators Kennedy, Thurmond, and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Richard D. Finn, Jr., George K. Johnson, Jr., James R. Locher III, Norman G. Mosher, professional staff members; and Pamela G. Powell, staff assistant.

Also present: William J. Lynn, assistant to Senator Kennedy; Jeffrey B. Subko, assistant to Senator Exon; Milton D. Beach, assistant to Senator Glenn; Christopher Mellon, assistant to Senator Cohen; Mark J. Albrecht, assistant to Senator Wilson; Samuel J. Routson, assistant to Senator Symms; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR EDWARD M. KENNEDY, PRESIDING

Senator KENNEDY. We will come to order.

The committee meets this morning to consider the nomination of Dr. David Chu to serve as Assistant Secretary of Defense for Program Analysis and Evaluation. After the committee completes its consideration of Dr. Chu's nomination, we will turn our attention to the nomination of Ambassador Charles Whitehouse to be Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

Dr. Chu has been nominated to serve in a newly designated Assistant Secretary of Defense position. Twice before the program analysis function in the Office of the Secretary of Defense has been headed by an Assistant Secretary.

Most recently, there was an Assistant Secretary for Program Analysis and Evaluation during the Carter administration. Previously, for a 9-year period beginning in 1964, there was an Assistant Secretary for Systems Analysis.

The administration's decision to establish an Assistant Secretary for Program Analysis and Evaluation resulted from the management studies of the Office of Secretary of Defense mandated by the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

In his letter of September 29, 1987, forwarding these studies to the Congress, Secretary Weinberger wrote:

> The role of the Director of Program Analysis and Evaluation has steadily increased in terms of influence, scope of activities, and trust and confidence placed in him by the Deputy Secretary and me. His stature and importance are fully comparable to that of an Assistant Secretary of Defense, and we are convinced that the recommendations to elevate the position to that level are justified.

Dr. Chu has served as the Director of Program Analysis and Evaluation since 1981. Previously, he was Assistant Director of the National Security and International Affairs Division of the Congressional Budget Office. His career also includes 8 years in senior positions with The RAND Corporation.

Dr. Chu, the committee warmly welcomes you this morning. Congressmen infrequently have the opportunity to hear from the Director or Assistant Secretary for Program Analysis and Evaluation.

Moreover, when an appearance has been made by such an official, he traditionally has encountered a hostile reception on Capitol Hill. Hopefully, Dr. Chu, you will have an easier time today than your predecessors.

Dr. Chu, I look forward to hearing from you if you have any comments.

[The nomination reference of David S.C. Chu follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 16, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

David S.C. Chu, of the District of Columbia, to be an Assistant Secretary of Defense. (New Position—P.L. 100-180)

[The biographical sketch of David S.C. Chu, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF DAVID S.C. CHU

Born: New York City, May 28, 1944.

Education: BA, Economics and Mathematics, magna cum laude, Yale University, 1964; MA, Economics, Yale University, 1965; M. Phil., Economics, Yale University, 1967; Ph.D., Economics, Yale University, 1972.

Military service: U.S. Army, 1968–70, including: Instructor, U.S. Army Logistics Management Center, Fort Lee, Virginia, 1968–1969; Office of the Comptroller, Hq., 1st Logistical Command, Republic of Vietnam, 1969–1970; Discharged as Captain, June 1970.

Current position: Director, Program Analysis and Evaluation, Office of the Secretary of Defense, Department of Defense (since May 1981).

Other professional experience: Assistant Director, National Security and International Affairs Division, Congressional Budget Office, April 1978–May 1981; Associate Head, Economics Department, The RAND Corporation, August 1975–April 1978, (Acting Head, February–July 1976); Senior Economist, The RAND Corporation, October 1970–April 1978; Consultant, Development Center, OECD, Paris, May–August 1965; Lecturer, Department of Economics, University of California (Los Angeles), 1972–1973.

Honors: Phi Beta Kappa; Honorary Woodrow Wilson Fellow; National Science Foundation Fellow; Foreign Area Fellowship Program Fellow.

Decorations and awards: Army Commendation Medal, Bronze Star; Elmer B. Staats Award, National Capital Area Chapter, American Society for Public Administration, 1986; Department of Defense Medal for Distinguished Public Service, 1987.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by David S.C. Chu in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTION TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

David S.C. Chu.

2. **Position to which nominated:** Assistant Secretary of Defense (Program Analysis and Evaluation).

3. **Date of nomination:** May 13, 1988.

4. **Address:** (List current place of residence and office addresses.)

Residence: [Nominee responded and the information is contained in the committee's executive files.]

Office: Office of the Secretary of Defense, Pentagon, Room 3E836, Washington, D.C. 20301-1800.

5. **Date and place of birth:** May 28, 1944, New York, N.Y.

6. **Marital status:** (Include maiden name of wife or husband's name.)

Married to Laura L. Tosi.

7. **Names and ages of children:** Carolyn Tosi Chu (3).

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

A.B. Davis High School, 1958-1961, Diploma (1961). Yale University, 1961-1968, BA (1964); MA (1965); MPh (1967); Ph.D (1972).

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Director, Program Analysis and Evaluation, Office of the Secretary of Defense (1981-Present).

Assistant Director, National Security and International Affairs, Congressional Budget Office (1978–1981).

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Trustee, Laura Tosi 1988 Trust (Wife's Trust).

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, Board of Regents, Institute of Cost Analysis.

Member, American Economics Association.

13. **Political affiliation and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Armor for Board of Education ($125).

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Phi Beta Kappa.

Honorary Woodrow Wilson Fellow.

National Science Foundation Fellow.

Foreign Area Fellowship Program Fellow.

Army Commendation Medal.

Bronze Star.

Elmer B. Staats Award, National Capital Area Chapter, American Society for Public Administration, 1986.

Department of Defense Medal for Distinguished Public Service, 1987.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

[Contained in committee files.]

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Contained in committee files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Professional qualifications.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Experience in defense analysis, including last 7 years as Director, Program Analysis and Evaluation.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the Committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: David S.C. Chu.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employes, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[NOTE: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 3d day of June, 1988.

DAVID S.C. CHU.

DAVID S.C. CHU, OF THE DISTRICT OF COLUMBIA, TO BE ASSISTANT SECRETARY OF DEFENSE FOR PROGRAM ANALYSIS AND EVALUATION

Dr. CHU. I am honored to be here and delighted to answer any questions that you have.

Senator KENNEDY. There have been assessments that the program analysis has been playing a diminished role in defense decisionmaking in recent years. What is your reaction?

Dr. CHU. I obviously would differ with those. I think it has had a strong role in this administration and a strong role in the central process by which we debate the future defense program, the deliberations of the so-called Defense Resources Board.

I have always been pleased with the access I have had to both the Deputy Secretary and the Secretary on issues of substance. They have never failed to consider thoughtfully the opinions that I might advance.

I would not want to argue that they always agreed with those opinions, but it has been an open dialogue and one in which I have had a full chance to participate.

Senator KENNEDY. Can you tell us, which were the principal areas that you made recommendations that they differed with you?

Dr. CHU. I would prefer to avoid the specifics if I could, for the kinds of reasons that you outlined. I think it is less a matter of differing with my recommendations than a matter that reflects on the nature of my responsibilities.

My job is, as you know, to help raise all the options they should consider before they make a decision. Too often in any bureaucracy, by the time a paper gets to the top decisionmaker it has been narrowed to just one choice. Part of my job is to make sure that the choices across the spectrum they might consider are in front of them, to act, as it were, as a devil's advocate for some of the less popular choices in the Department, to advance the pros and cons of those choices.

And I consider my responsibilities well discharged if they understand all those options before they make a decision, whether or not the one that is my favorite is selected.

Senator KENNEDY. This committee has given considerable attention to the issues of special operations and low intensity conflict. Is there anything that you want to tell us in terms of the types of analysis that you have done in those areas, the type of recommendation that you have made, to try to match up both the missions as well as the resources?

Dr. CHU. Of course, as you are aware, the main emphasis in the last several years has been to try to both define those missions and to assure that they are properly resourced and that the program review focuses the Department's attention on those resource lines.

I think we have tried to advance a fairly aggressive program for acquisition in those areas, and now the challenge is to follow through.

Senator KENNEDY. You are aware of some of the reluctance which has existed in the Department in terms of this whole priority, and I was just wondering whether there was anything that happened when you were in your position which would indicate that kind of reservation in terms of recommendations, for example?

Dr. CHU. On the contrary, in this area particularly I know Mr. Taft has been very determined that the special operations community get a larger share of resources, that the commander in chief of what is now the special operations command have a robust resource base.

In fact, if I recall correctly, in the 1989 amended budget submission, even though the Department's budget went down on the order of 10 percent or so from our expectations, this area received a 2 to 3 percent increase, largely due to Mr. Taft's intervention, reflecting the kinds of concerns the committee has expressed and others have expressed about this area.

Senator KENNEDY. When the Congress created the special operations command, it intended the command would have responsibility for preparing the Program Objective Memorandum for Special Operations Forces and other forces.

Do you have concern with this approach?

Dr. CHU. I think the Department has had some concern with the CINC involved preparing, as the jargon puts it, a POM, as opposed to presenting a special operations budget or program 11 budget as we have done in the amended 1989 budget submission.

And that concern reflects, I think, Mr. Taft's belief that the primary purpose of the CINC, after all, is to command forces. The CINC is, in popular terms, a warrior and not a bureaucrat. (I do not mean to disparage bureaucrats since I am a bureaucrat!)

The preparation of a POM is inherently a bureaucratic function. Obviously, you want the CINC's advice and counsel as that is developed. The system, I think, attempts to provide for this and gives him a full opportunity to comment on all the options available.

But I think the Department is very reluctant to get the CINC involved in the nitty-gritty of fitting together various pieces of a program against a fixed budget top line. That would in effect turn him into a defense agency.

I think there has been a reluctance to do that.

Senator **Kennedy**. The amended defense authorization request for fiscal 1989 involved a substantial restructuring of the defense program. Given the level of defense resources anticipated for the foreseeable future, what additional major changes can be expected?

Dr. **Chu**. As you are aware, sir, the Secretary has given very clear guidance on what he wants to do. There was a set of principles we followed in the 1989 amended budget submission—and those were that we were going to have a ready force, a well-supported force with modern equipment, but it would have to be a smaller force than we would like and would have hoped for. That is one of the penalties we will have to pay to meet the budget summit limits.

As you know, we did take down some force structure as part of the process in each of the military departments. We are at this very moment going through the defense program to ensure that that was sufficient, to make sure that further changes are not needed.

Obviously, some major procurement programs that have been anticipated will not be pursued. A number were canceled as part of the 1989 amended budget submission process. There may be some more cancellations before we get finished. Above all else, I know Mr. Carlucci wants to avoid stretchouts and the uneconomic purchase rates that accrue from that kind of action.

Those are the prinicples we followed for that go-round and those are the principles we are following to develop the 1990–91 budget and the 1990–94 program that goes with it.

Senator **Kennedy**. Without getting very specific, but just giving your own broader view on those issues, how do you evaluate your own thinking on the priorities for new breakthroughs in technology versus the continued concept of upgrading and modernization?

Where do you really come out in that kind of a balance? Obviously, people say there has to be a balance. But you know we are not going to be able to afford all of the systems.

But a general feeling around here I have seen in the time I have been here is that whatever brings some progress, even if it is a marginal progress, there is the moving forward in terms of weapons systems.

I think Congress is going to have to be a lot more selective, and therefore, there is going to be some balance between breakthroughs in technology, Stealth technology, which has been extraordinary, and obviously those types of breakthroughs, as far as I am concerned, ought to get the very high priority.

And then you get some modernization. We have seen various weapons systems somewhere in between which have been enormously costly and very marginal, at least as far as I am concerned, in terms of adding to our security.

I am just interested in where you come from.

Dr. CHU. While we might differ on the specifics, I think one of the places the Department indeed has looked at and is looking at systems that—while meritorious and better than the present generation—are not better enough to warrant the investment of funds in the present environment, because, as you suggest, you do want to protect those things about which there is no doubt regarding their leverage.

And so if you look at the things that got canceled as part of the 1989 amended budget submission, for example, they tended to be things on average where the promise just was not enough, given the funds we have available, to merit their continued pursuit.

They might be better than what we have, but they were not better enough to make the grade.

Senator KENNEDY. I have other questions, but my time has expired.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Welcome, Dr. Chu, and congratulations on your nomination. And I must state at the outset that you have an excellent reputation, and I'm sure you are extremely well qualified to serve in this very important position.

Dr. CHU. Thank you, sir.

Senator MCCAIN. Having said that, I am deeply concerned about the overall performance of PA&E. In my view, it is an organization with a deeply troubled history. It has often interfered in military decisionmaking without adequate data or research, and it has a history of being far more concerned with cost than cost effectiveness, with budget goals rather than strategic requirements.

And there are a number of questions that I would like to have resolved, some of which you probably would have to respond to in writing before I would support your nomination, because I think that the role of PA&E is going to be even more and more critical as we face an era of decline in real defense spending.

The weakest single area in defense management for the last 7 years, in my opinion, has been the overall control of the defense program and the generation of a realistic FYDP.

Things are, I think, better in fiscal year 1989, but I would like to hear your description of what went wrong in previous years in PA&E's role and what you intend to do to fix it.

I hear very disturbing rumors of new battles between the services and PA&E over cuts in procurement infrastructure as part of the fiscal year 1990 POM and the preparation for the fiscal year 1990 budget. I would be interested in a detailed description of these issues and what PA&E's role could be in resolving them.

And I would like to have a detailed description of what you feel PA&E's role should be in each phase of the DOD budget cycle by phase and major milestone.

Dr. Chu, during the hearings on the fiscal year 1989 defense budget, we asked again and again for data on how the budget submission would affect future years in the FYDP, and to my knowledge no Senator ever got a useful answer. OSD's lack of responsiveness in this area forced this committee, I think, to micromanagement in issues which would have been unnecessary if we had received the information that was needed.

I would like your assurance that we will get more responsive answers in the future, and I would like your description of your feelings as to what could be done to improve the budget submissions we review. Also, I would like you to provide as much data as possible on the long-term trends on the budget and on its impact on mission capabilities.

Finally, I am deeply disturbed to find that PA&E is deeply involved in the Department's work on net assessment, and is attempting to force its own approach to net assessment and its own accounting rules for measuring the balance, some of which are only being justified on the basis of historical continuity.

I would like to hear what you feel the role of PA&E should be in that assessment, improvements you intend to make to ensure that the quality of PA&E's inputs are improved and that these inputs are fully responsive to the net assessment requirements of the Defense Authorization Act.

I am particularly concerned with PA&E's manipulation of the NATO and Warsaw Pact balance, and I would like to have a detailed and comprehensive statement of PA&E's current methodology and approach to assessing the NATO and Warsaw Pact balance, as well as a comprehensive list of all of PA&E's recommended accounting rules and effectiveness factors and a detailed description of what you believe to be their strengths and weaknesses.

Dr. CHU. Let me try to deal with the several parts of your question if I may, sir. First of all, on the office's role in the planning and budgeting system, our role really is focused, as you know, on the so-called programming phase. In that phase we develop (in response to defense guidance, where we are one of many advisors in the drafting of that document), an outline of the Department's future, the 5-year defense program, which gets turned into the detailed budget and submitted to the Congress as a budget request.

And there our role I think quintessentially is that of an advisor. We are not a decisionmaker. The decisionmaker is the Secretary and his deputy, advised by many individuals.

I see my principal responsibility as being sure that a wide variety of options is raised, that simply because it is unpopular or awkward that we do not fail to consider all the choices that may be in front of us, and that we consider both the pros and cons associated with those options.

My experience has been that when there is a dominant choice, it does not take an analyst to point it out. The data tend to commend the choice to people's attention. And when the choice is close, then my view is not really necessarily a decisive element, because many other factors are going to be weighed by the Secretary and his deputy in making that choice, and properly so.

From an analytic perspective, the choices may be difficult to discriminate among.

You asked specifically about our role in net assessment. That is an area which the Secretary and his deputy have assigned to the Chairman of the Joint Chiefs of Staff, really, the lead within the Department. We do not perform net assessments ourselves. We have served as a coordinating office for the amassing of data in cooperation (I should say, in very happy cooperation) with the Chairman's office, largely to be sure that we have available a set of data that is consistent across countries.

One of the difficult problems, as you are well aware, is that various nations use the same name for sometimes very different pieces of equipment. Take the term "armored personnel carrier." That means a very different thing in some countries. It may mean a wheeled vehicle with very little protection in some countries and it may mean something quite ambitious in the case of the United States.

Our challenge is to work with the Chairman's office to put together a data set that is as consistent as we can make it across countries and also consistent over time, so what is counted as being an armored personnel carrier in 1988 is also what we count for its analog, after the requisite military experts have looked at it, in 1978 in the same fashion.

We have not generally tried to intrude ourselves into—except insofar as each office contributes to that—into the substance of those debates.

I confess to being startled at the appreciation that we have played a decisive role in this regard. I do not think that is the case.

On the counting rule issue, I think that part of what you are touching on is the difficult question of the readiness of various Warsaw Pact units—in what state of readiness are they at any one time, how long would it take them to reconstitute.

And as you are well aware, there have been consistent differences of opinion within the intelligence community about those matters over the years.

Senator KENNEDY. I think the Senator's time is up.

The Senator from South Carolina.

Senator THURMOND. Mr. Chairman, I have another engagement, but I just want to say a word before I go. We studied the background of Ambassador Whitehouse and Dr. Chu. We think they are both well qualified for the positions to which they have been appointed, and I would be very pleased to support them.

Dr. CHU. Thank you, sir.

Senator KENNEDY. I just have a couple of other areas, Mr. Chu.

One which we are particularly interested in, we had a hearing earlier this year on this issue. We are now, with the C-17 airlift program, looking at spending more than $40 billion for aircraft that will handle less than 4 percent of the Nation's strategic lift requirement. We are spending nothing on new sealift, which will provide 95 percent of strategic lift.

Would you characterize this as operationally or analytically wise?

Dr. CHU. Well, I think there's a misappreciation. We have built up sealift, including Government-controlled sealift, to the point where we have approximately today on the order of 800,000 short tons of capacity—the capacity in a single sailing, which is the way that we measure it, to lift about 800,000 tons against a goal of about a million tons.

And we spend, as you know, several hundred million dollars a year for pre-positioning ships for the Army and the Air Force, as well as several hundred million dollars in costs for the Marine Corps' maritime positioning ships.

For the remainder of the sealift fleet, the expenses are not great. Once you have acquired the vessels, the expenses are limited to keeping them in the various levels of readiness they have been assigned.

So I think it would not be fair to say that we have emphasized the airlift at the expense of sealift. We in fact have tried to do both, and I think have made very substantial progress against both goals.

I think the main goal of airlift, as you know, is to allow us to capitalize on pre-positioned equipment, whether that equipment is pre-positioned at sea or on land, as the POMCUS equipment in Europe is pre-positioned, to bring the last items of equipment that are either too expensive or available in too small a quantity to permit pre-positioning.

Helicopters are one example of that sort of thing. And that was the purpose of the C–5B augmentation of the existing C–5 air fleet, and that is obviously the purpose of——

Senator KENNEDY. You are not concerned about the imbalance in sea and air lift? We can go on through. I do not want to take a lot of time now. We will examine this.

Basically what is being spent on pre-positioning and moving one ship back and forth—we have one now I guess off the coast of Korea, but it is not in the developing or the shaping of additional ships. What do we have now just in terms of the military?

Dr. CHU. We have three brigades—we have ships sufficient to carry the equipment of three marine brigades which are stationed in different parts of the world, and we have on the order of a dozen pre-positioning ships at various points in the globe, particularly in the Indian Ocean, to support the Army and the Air Force if forces have to be moved to that area of the world.

In addition, we maintain the eight fast sealift ships, which were bought some years ago and remodeled at a cost of $800 million, in a very high readiness status. They are basically at a pier with a partial crew, so that they can be used at very short notice.

If you look at the buildup of sealift in the last 6 or 7 years, you will see a very substantial addition to the Government-controlled sealift fleet and a very substantial investment therein.

Senator KENNEDY. I will submit other questions to that and other issues with regard to the aircraft carriers.

John, do you have anything?

Senator MCCAIN. Yes, sir. Thank you, Mr. Chairman. I will be brief.

Dr. Chu, I appreciate your answers and I would appreciate some elaboration in writing. And let me just state what some of us here view as a problem: one could understand how difficult it is to come up with a comprehensive FYDP when there are significant changes in the budget.

But at the same time, sometimes there is the appearance that there is no change in the FYDP when there is a significant change in the next year's budget. And I am clearly aware that you have no control over a process like that which took place at the budget summit.

At the same time, we've got to be able to make some assessment of the impact of what I view as probable continued decreases in real defense spending; not to have that reflected in the information that is provided to the Congress makes not only our job more difficult, but I think yours, because then it lends itself to micromanagement and short term planning, as opposed to the long term strategic thinking that I think is necessary if we are going to spend our dollars in the most efficient and wise fashion.

So I hope you understand my point here. I think these decisions are going to get more difficult, and I think PA&E is going to play a larger and larger role.

Dr. CHU. I do, sir. And as you know, the Department has committed to providing the Congress with a 5-year defense program for 1990 through 1994 with the 1990 and 1991 budget when it comes over next January. The whole process is oriented to doing just that, because we agree with you—you cannot make those changes with just a short-run view in mind.

We tried to direct the 1989 amended budget submission changes with exactly that long-run perspective, although obviously with not as much detail as you would like. I appreciate your interest in that detail and we will be furnishing it with the fiscal year 1990/91 budget.

Senator MCCAIN. Thank you, Mr. Chairman.

Senator KENNEDY. We would appreciate your response to our questions as soon as possible.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR EDWARD M. KENNEDY

GOLDWATER-NICHOLS DOD REORGANIZATION ACT OF 1986

Senator KENNEDY. Dr. Chu, the Goldwater-Nichols Department of Defense Reorganization Act of 1986 included a number of provisions to improve the Department's resource allocation process, especially the planning phase.

From your perspective, have improvements been realized?

If so, in what areas?

Dr. CHU. Even before the Goldwater-Nichols Act passed the Congress, the administration had begun a series of changes consistent with the spirit of the Act and of the Packard Commission Report, particularly regarding the planning phase of the Planning, Programming and Budgeting System (PPBS).

An update of the administration's basic national security guidance was undertaken, and issued to the Department in July 1986, as the foundation for preparation of the fiscal year 1988/1989 budget and associated 5-year defense program.

Actions were also initiated to support the development of the fiscal year 1990/1991 budget, consistent with a 2-year budget process. The Chairman of the Joint Chiefs of Staff prepared a fiscally-constrained military strategy, and a net assessment of our capabilities to carry out that strategy, in conjunction with our allies. The Defense Guidance for the fiscal year 1990/1994 program was prepared with these documents as the foundation.

I should acknowledge that there was a major interruption of this cycle—the budget summit in late 1987, which substantially reduced the fiscal resources proposed for the Department of Defense. That event illustrates, I believe, an inherent limitation in any formal planning process, no matter how complete and well-organized we attempt to make it. Real-world events will intervene on an "inconvenient" schedule, compelling those who must make the decisions to adjust the orderly documents of the formal planning process in an ad hoc fashion to accommodate the new developments. It also illustrates, I believe, the enormous benefit to the planning process of the Congress coming to a more stable view of the likely future resources that it is willing to vote for defense. The past practice of backing away, in a significant manner, from the next-year implications of the budget resolution badly undercuts the effort to develop a stable long-run plan.

Because of the significant fiscal change deriving from the budget summit, the Chairman of the JCS was asked to address, at the start of the review of the fiscal year 1990–1994 defense program, the implications of that change for our military strategy, and the risks that the change entailed.

The Commanders-in-Chief of the Unified and Specified Commands (the "CINCs") have been invited to participate in the PPBS since 1981. The Goldwater-Nichols Act provided statutory encouragement of that practice, and we have further strengthened the procedures that support the CINCs involvement.

In my judgment, the most important ingredient to improving the planning process is stability, so that long-range planning can indeed be helpful, rather than simply reacting to short-range events. A 2-year budget is a key element in providing that stability, as well as critical to providing the time needed for an improved planning effort. The Department remains committed to a 2-year budget and a 2-year budget process, although, unfortunately, as you are aware, the Congress as a whole has been reluctant to follow the lead of the Senate Armed Services Committee in taking this important step.

WEAK LINK BETWEEN MILITARY STRATEGY AND MISSIONS AND DEFENSE BUDGET

Senator KENNEDY. Dr. Chu, from this committee's perspective, there is a weak link between military strategy and missions on one hand and the defense budget on the other.

How can a more direct link between strategy and missions and budgets be established?

Dr. CHU. I disagree with the premise that the link between strategy and the budget is weak. I think that it is reasonably good—although like any element of the defense effort, it can be improved.

A 2-year budget, and the improved planning effort that would derive from a more stable future view of defense resources, would certainly assist in improving the linkage between strategy and the budget, as argued in response to the prior question. But there are two other steps involving budget process that might also assist. First, we might consider the authorization and appropriation of funds on a functional basis (which is only one step removed from "missions"), in place of the current practice, which focuses on objects of expenditures (which is several steps removed from "missions"). Second, we might consider separating explicitly the capital and the current (operating) budgets of the Department. This would have two significant benefits for the linkage between strategy and expenditures. It would focus attention on where the long-run capabilities of the Department are headed, i.e., the capital stock, including answering the basic question of whether the capital stock is rising or falling in particular functions. And it would clarify the relationship between today's capabilities and yesterday's investments, as well as the relationship between today's investments and tomorrow's capabilities.

FIFTEEN DEPLOYABLE CARRIERS

Senator KENNEDY. Dr. Chu, despite the rhetoric attending the Navy's goal of achieving 15 deployable carriers, isn't it true that that figure simply can't be maintained overtime in view of the *Enterprise* refueling and Service Life Extension Program, overhauls of other ships, and the limited aircraft carrier building capacity of Newport News?

Dr. CHU. The answer to your question turns on the definition of "deployable." In the past we have not counted any carrier in a Service Life Extension Program as "deployable." (Nor has the training carrier *Lexington* been counted as deployable.) All other carriers, even if in overhaul, have been counted as deployable. In terms of this definition, we will reach 15 deployable carriers in fiscal year 1990, coincident with the delivery of CVN-72, and sustain that figure throughout the next decade.

As you are no doubt aware, however, the Navy faces a larger number of carriers scheduled for overhaul in the early 1990s than was true of the 1980s. The *Enterprise* is currently scheduled to undergo a 44-month refueling and modernization overhaul starting in fiscal year 1991. The *Nimitz* is scheduled for a 30-month refueling in 1994–1995. I believe these factors were brought out during the recent Senate debate on the proposed amendment to retire the *Coral Sea* and *Midway* earlier than planned. They do mean that fewer carriers than might otherwise be the case will be available for routine peacetime deployments, within the total carrier inventory. But these refueling overhauls are essential if we are to retain these carriers in the fleet.

FAST SEALIFT

Senator KENNEDY. Dr. Chu, what is your office doing to define the requirement for fast sealift?

Dr. CHU. We continue to work with the JCS, the services, and the U.S. Transportation Command to refine our understanding of our future force projection requirements. In particular, the Mobility Studies Steering Group, which my office co-chairs, is now leading an effort to identify our intertheater mobility requirements for the mid-1990s. Included in the study effort is an examination of the possible contributions of fast sealift, together with those of airlift, conventional sealift, and prepositioning, to meeting the requirements of our strategy of forward defense.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

DEFENSE MANAGEMENT AND PA&E'S ROLE

Senator MCCAIN. The weakest single area in defense management for the last 7 years has been the overall control of the defense program and the generation of a realistic FYDP. Things look much better in the fiscal year 1989 budget, but I would like to hear your description of what went wrong in previous years, PA&E's role, and what you intend to do to fix it?

Dr. CHU. As I know you appreciate, the 5-Year Defense Program (FYDP) serves two explicit purposes. It articulates the case for the 5-year defense budget numbers recommended by the President, and it records the specific programs approved by the Secretary of Defense within those budget limits. In the early 1980s, the Congress generally supported the defense budget level requested by the President. In the mid-1980s, congressional support receded, and in the fiscal year 1986–90 FYDP the administration reduced substantially the near years of the defense program. As the Congress declined to vote a defense budget that provided sufficient funds even to make up for inflation—i.e., actually reduced the budget in real terms from the enacted fiscal year 1985 level—the administration made substantial reductions in all years of the fiscal year 1987–91 FYDP, and again in all years of the fiscal year 1988–92 FYDP.

In my judgment, the disagreement over the "realism" of the FYDP reflected the continuing disagreement between the Congress and the administration over the appropriate level of defense spending. There has even been disagreement by the Congress with itself: In one year Congress did not support its own budget resolution figure from the prior year even through the administration submitted a request in conformance with it!

Disagreement between the Congress and the President over the proper level of defense spending is not a new phenomenon. In the 1960s, I'm told, Secretary McNamara was often chastised by the Armed Services Committee for submitting too modest requests. And in 1979 the Congress demanded that President Carter submit a larger budget than he planned.

The President and the Secretary of Defense, of course, believe it is their responsibility to advance a budget request consistent with their views of national security needs, even if the Congress differs. The FYDP will necessarily support the President's request.

When agreement is reached beforehand on the budget level—as it was for fiscal year 1989—then it is possible to develop a FYDP that is consistent with both administration and congressional views of future defense spending. Such a process is now proceeding for fiscal year 1990–94.

PA&E's contribution to the development of the fiscal year 1990–94 5-year defense program arises from its role in the planning, programming and budgeting system, which is discussed in response to the next question.

CUTS IN PROCUREMENT

Senator McCAIN. I hear very disturbing rumors of new battles between the services and PA&E over cuts in procurement and force structure as part of the fiscal year 1990 POM and preparation for the fiscal year 1990 budget.

Could you describe these issues in detail and explain on a case by case basis what you feel PA&E's proper role should be in resolving them?

Could you provide a detailed description of what you feel PA&E's role should be in each phase of the DOD budget cycle in phase and major milestone?

Dr. CHU. PA&E's responsibilities in helping to prepare the budget are best understood in terms of the three phases of the Planning Programming and Budgeting System (PPBS). In the planning phase, where major goals are identified, PPBS focuses on the preparation of the Defense Guidance—the Secretary's guidance to the Military Departments and Defense Agencies. In the Programming phase, a 5-year defense program is shaped that best meets those goals within the constraints of the likely President's budget request. In the budgeting phase, the first 2 years of the defense program are translated into a detailed budget request for submission to the Congress. PA&E's role varies across the three phases.

In the planning phase of PPBS, PA&E is one of many offices that comment on the Defense Guidance. That phase of the process is chaired by the Under Secretary of Defense (Policy).

In the programming phase, PA&E likewise plays a role similar to that of other OSD offices (nominating issues, preparing issue papers, and presenting issues to the Defense Resources Board (DRB)). It also serves, however, as the secretariat (i.e., as Executive Secretary of the DRB for the programming phase). The latter involves organizing the materials for the DRB, recording the decisions taken by the Deputy Secretary or the Secretary, and following up as appropriate to ensure those decisions are carried out.

In the budgeting phase, PA&E is again one of many offices commenting on the Program Budget Decisions, which review in detail the proposed defense program to reflect the latest actions of the Congress, most up-to-date pricing information, and executability. The budgeting phase is chaired by the Assistant Secretary of Defense (Comptroller).

It is not surprising that there is some healthy bureaucratic tension between PA&E and the Military Departments/Defense Agencies as the fiscal year 1990–94 defense program is being prepared. Preparing the fiscal year 1990–94 program requires removing between 10 and 15 percent of the resources from the previously approved program (fiscal year 1988–92), while still making as much progress as possible against the President's goal of an improved national defense. The Secretary of Defense has given very clear guidance about how this task should be approached. Readiness is to be preserved, improvements in sustainability continued, and our forces armed with modern, capable equipment. Included in readiness is maintaining a high-quality military force—i.e., protecting our people. Equipment acquisition is to proceed at efficient production rates.

To carry out that guidance within the present fiscal limits is a considerable challenge. The Secretary has emphasized that if necessary to preserve a quality force, we may have to consider a smaller force. And to permit economical production of the high-priority systems, lower-priority systems (even if meritorious) may have to be canceled. Some honest disagreement about where priorities lie is to be expected in this situation. Its absence, in fact, might suggest that we were failing to review thoroughly all options before the Secretary and his Deputy come to a decision. Despite any disagreements on specifics, I feel that the relationship between PA&E and the Military Departments/Defense Agencies remains cordial and professional.

Ensuring that all major options receive full and fair consideration is an essential element of PA&E's responsibilities. Sometimes it falls to PA&E to play a "devil's advocate" role. Often during the course of exploring an issue, positions of the Military Departments and OSD offices change, as new facts emerge during the course of debate. Helping to bring out those facts—helping to ensure that the relevant analyses are available to decision makers—is the essence of PA&E's role.

With the advent of the 2-year budget process, the Department's leadership initiated a new element in PPBS: the first-ever Execution Review, providing a different analytic vantage point on defense resource issues. The purpose of the review was to take a "look back"—to take stock—before deciding on the guidance for the development of the next 2-year budget and 5-year defense program. This review took place in the early fall of 1987 (with staff preparations in the summer of 1987). PA&E, like other offices, participated in the review by preparing papers for DRB discussion on the subjects of interest to the Secretary and his Deputy. PA&E also served as the secretariat for this new phase of the process.

DATA ON AMENDED BUDGET SUBMISSIONS AFFECT IN FUTURE YEARS

Senator MCCAIN. During our hearings in the fiscal year 1989 defense budget, we asked again and again for data on how the budget submission would affect future years and the FYDP. To my knowledge, no Senator ever got a useful answer. OSD's lack of responsiveness in this area forced this committee to micro-manage many issues. The same was true of OSD's inability to present data by mission area or Unified or Specified Command. This is a key area for PA&E.

Can you assure me that we will get more responsive answers in the future?

Could you describe in depth your feelings as to what could be done to improve the budget submissions we review to provide as much data on the long term trends in the budget and on its impact on mission capabilities?

Dr. CHU. As we discussed in the hearing, the Department is committed to providing a full 5-year defense program to accompany the fiscal year 1990/91 budget this coming January, as the law requires. You correctly pointed out that the short deadlines associated with the budget summit agreement precluded developing such a document for the fiscal year 1989 Amended Budget Submission. The adjustments made with that amendment were made with the objective of preparing for the substantial reductions required in fiscal year 1990–94.

In fact, at the time of the data requests last winter, the services had begun developing their own specific force and program proposals at the new, lower fiscal level. They have now done so, and we are reviewing these proposals in the DRB. With revisions decided by the Secretary and Deputy Secretary, they will become the basis for the fiscal year 1990–1994 President's Budget FYDP. Those decisions provide the basis for the detail you are seeking and which the Department is committed to provide.

I am not aware of all the congressional requests that were made for future DOD force and program information last winter, but I do recall one set of specific requests made by your office. Because of your interest, considerable effort was devoted to trying to answer at least the "spirit" of the request, even if we could not provide all the specifics. (A copy of the Department's response is included for your convenience.)

At that time you asked each of the Services for changes in their fiscal year 1990 and fiscal year 1995 forces and programs as DOD budget projections declined over the preceding few years. For the reasons indicated previously (and stated in Secretary Carlucci's February 25th cover letter), we could not be responsive for fiscal year 1995 or fiscal year 1990. We did, however, put together a detailed reply showing the effects of changing budgets/FYDPs (and other factors) from fiscal year 1984 onward on our fiscal year 1988 and fiscal year 1989 forces/programs.

I share your concern over improving our future budget presentations. I should, of course, note that my office is only one among several with responsibilities in this area (as discussed in response to the previous question). Actual preparation of the FYDP document, for example, is assigned to the Comptroller. And the ultimate arbiter of budget format is the Congress. This includes the specific requirements levied by both the Appropriations and Armed Services Committees.

Quite apart from the specific steps that might be taken to improve budget and resource displays, I believe that one of the most important elements encouraging improvement is the measure already endorsed by your Committee: a two-year budget, and a two-year process. This innovation gives the Department's leadership the opportunity—the time—to consider the kinds of improvements that you seek. That opportunity was lacking in the one-year process, where everyone was constantly preoccupied with formulating the next year's budget. As I noted earlier, even with the "budget summit" revision of the second year of the 2-year fiscal year 1988/89 budget, the Department was able to initiate the first-ever Execution Review of existing programs, prior to beginning the preparation of the next 2-year budget and 5-year defense program. For the 2-year budget process to succeed, of course, the Congress as a whole must decide to support the 2-year concept, which I very much hope will be the case for fiscal year 1990–91.

One way in which we could improve our budget displays along the lines you seek is to present the budget in terms of major force components that contribute to broad mission areas (e.g., Sea Lane Defense/Surface Combatant Forces) instead of by object of expenditure (MilPers, O&M, etc.) as is currently done. This would permit better assessment of long-term trends in force balances and of our capabilities to counter various threats. Part of such a revision might usefully include serious attempts to allocate indirect costs to the selected force components; at present, a good deal is left unallocated. Your committee, of course, has already organized its review of the budget in accord with a more mission/force-oriented system, but unfortunately not everyone in the Congress agrees with this approach.

To provide a useful mission-oriented budget it would also be helpful to separate capital from current expenditures in defense. It is the stock of capital in a mission area that provides capabilities in the near term; the flow of investment (e.g., R&D, procurement) is to replenish that stock. A capital budget would alert the Department and the Congress quickly to areas where we were allowing our stock to decline, and might have been helpful in the 1970s when only after the decline had occurred was corrective action taken.

I should report that we have been working for some time on the problem of showing how budget resources support particular unified and specified commands. Reporting that allows the CINCs to see and understand these flows has improved. One explicit tasking from last year's Execution Review was to review the entire process of CINC participation in the PPBS, and a specific topic to which we have paid attention is the question of CINC "allocations." That review will be concluded soon, and the Deputy Secretary will be considering its recommendations.

THE SECRETARY OF DEFENSE,
Washington, DC, February 25, 1988.

Hon. JOHN MCCAIN,
U.S. Senate, Washington, DC.

DEAR JOHN: In response to your letters of February 5, 1988 to the Service Chiefs, I am pleased to provide the attached data sheets. I judged that a single DoD response would be more consistent and therefore more useful to you.

Please note that we have provided data for Fiscal Years 1988 and 1989, rather than 1990 and 1995 as you requested. This was necessary because at present we do not have a firm program, in either FYDP or Extended Planning form, for either of the later years at current budget projections.

I believe that the FY88 and FY89 data show adequately the major changes in our manpower, forces, and modernization for these two fiscal years as funding constraints have tightened over the preceding 5-year period.

Sincerely,

FRANK C. CARLUCCI.

Enclosure.

PLANNED MANPOWER, FORCE LEVELS, AND SELECTED PROCUREMENTS FOR FY88 AND FY89
**** ARMY ****

	--PLANNED FOR FY88 IN PRES. BUDGETS FOR:--					CURRENT	--PLANNED FOR FY89 IN PRES. BUDGETS FOR:--					AMENDED
	FY 84	FY 85	FY 86	FY 87	FY 88	FY 88	FY 85	FY 86	FY 87	FY 88	FY 89	FY 89
Active Manpower												
Officers	112,888	108,894	110,129	110,129	109,757	107,427	108,894	110,209	110,209	109,757	109,757	107,427
Enlisted	697,097	667,487	666,221	666,221	666,593	660,423	667,487	666,141	666,141	666,593	666,593	660,423
Cadets	4,415	4,419	4,550	4,550	4,550	4,450	4,419	4,550	4,550	4,550	4,550	4,450
Total	814,400	780,800	780,900	780,900	780,900	772,300	780,800	780,900	780,900	780,900	780,900	772,300
Reserve Manpower												
Officers	100,402	111,464	113,240	106,608	105,356	105,551	113,250	117,143	109,293	108,333	108,333	105,551
Enlisted	663,764	702,936	692,591	699,116	683,811	672,321	710,403	711,323	710,992	695,685	695,685	672,321
Total	764,166	814,400	805,831	805,724	789,167	777,872	823,653	828,466	820,285	804,018	804,018	777,872
Civilian Manpower (Note 1)	405,337	403,482	408,291	407,198	411,530	399,840	403,877	409,076	407,415	407,415	412,308	400,092
Major Combat Units												
Divisions	26	27	28	28	28	28	27	28	28	28	28	28
Separate Brigades	17	25	26	25	20	20	25	26	27	22	22	22
Armored Cav Regiments	7	7	7	7	7	7	7	7	5	5	5	5
Major Combat Equipment Modernization (Procurement Units)												
M1 Tanks	720	720	840	840	600	645	720	779	779	534	534	545
M2 Bradley Fighting Vehicles	1000	900	800	870	618	586	900	900	870	616	618	581
MLRS Launchers	0	33	0	44	24	24	27	0	44	44	44	44
PATRIOT Missiles	830	920	815	715	715	715	920	815	815	815	815	815
AH-64 Helicopters	0	0	72	78	67	77	0	0	0	0	0	72
UH-60 Helicopters	85	85	85	85	61	72	96	96	96	72	72	72
CH-47 Helicopter Mod Kits	60	48	48	48	48	48	48	48	48	48	48	48
AHIP Mod Kits	120	120	94	32	0	36	130	120	81	0	0	24
MH-47E	0	0	0	0	0	0	0	0	0	12	12	5
MH-60X	0	0	0	0	0	0	0	0	0	14	14	0

Note 1: Civilian Manpower in U.S. and Foreign Direct Hire and Foreign Indirect Hire.

PLANNED MANPOWER, FORCE LEVELS, AND SELECTED PROCUREMENTS FOR FY88 AND FY89

**** NAVY ****

	-- PLANNED FOR FY88 IN PRES. BUDGETS FOR:--					CURRENT	-- PLANNED FOR FY89 IN PRES. BUDGETS FOR:--					AMENDED
	FY 84	FY 85	FY 86	FY 87	FY 88	FY 88	FY 85	FY 86	FY 87	FY 88	FY 89	FY 89
Active Manpower:												
Officers	74,900	76,215	72,523	74,244	74,700	72,610	76,737	73,374	75,115	75,427	75,427	72,610
Enlisted	527,375	532,960	521,052	520,331	513,975	515,815	540,138	531,401	528,960	522,848	522,848	515,815
Midshipmen	4,525	4,525	4,525	4,525	4,525	4,775	4,525	4,525	4,525	4,525	4,525	4,775
Total	606,800	613,700	598,100	599,100	593,200	593,200	621,400	609,300	608,600	602,800	602,800	593,200
Reserve Manpower												
Officers	24,401	25,219	29,320	30,200	30,046	29,119	25,223	29,544	30,451	30,300	30,300	29,099
Enlisted	117,058	118,721	126,680	131,534	127,354	123,481	119,148	129,543	134,486	131,400	131,400	123,501
Total	141,459	143,940	156,000	161,734	157,400	152,600	144,371	159,087	164,937	161,700	161,700	152,600
Civilian Manpower (Note 1)	340,030	343,087	345,235	340,772	346,176	347,985	344,307	347,042	340,837	345,384	345,384	339,651
Major Combat Units												
Strategic												
Submarines	39	39	39	39	37	37	41	41	40	38	38	38
Surface Support Ships	9	9	9	9	9	9	9	9	9	9	9	9
Aircraft	16	15	17	18	18	18	16	17	18	18	18	18
Tactical Air Forces												
Carriers	14	14	14	14	14	14	14	14	14	14	14	14
Fixed Wing Aircraft	1,163	1,155	1,117	1,134	1,090	1,090	1,159	1,099	1,142	1,083	1,083	1,083
Naval Forces												
Surface Combatants	231	231	231	231	231	223	237	237	238	238	238	222
Surface Support Ships	119	122	129	124	127	127	128	135	131	136	136	136
Other Surface Ships	87	89	90	87	89	89	94	95	92	91	91	91
Attack Submarines	103	103	100	103	103	103	95	98	106	105	105	105
Fixed Wing Aircraft	619	639	641	661	647	647	640	640	667	653	653	653
Rotary Wing Aircraft	357	375	416	424	416	416	411	434	440	435	435	435
Major Combat Equip. Modern. (Procurement units)												
Trident Submarines	1	1	1	1	1	1	1	1	1	1	1	1
F/A-18 Hornet (Note 2)	153	120	120	132	84	84	120	122	132	72	72	72
HARM	799	1,435	1,627	1,492.	766	766	1,424	1,723	2,452	1,766	1,766	1,307
Attack Subs (SSN-688/21)	5	4	4	3	3	3	5	3	4	3	3	3
SH-60B Helicopter	18	18	18	6	6	6	18	18	6	6	6	6
CVN 74/75 Carriers (Note 3)	0	0	0	0	0	2	0	0	0	0	0	0
A-6E/F Intruder	6	0	12	12	12	12	0	12	18	18	18	0
Aegis Ships (CG-47/DDG-51)	7	7	8	5	5	5	7	7	5	5	5	3
LCAC Landing Craft	12	12	12	9	0	0	12	12	9	9	9	9
LHD-1	1	1	1	1	1	1	1	1	1	1	1	1
LSD-41 (CV)	0	0	2	1	1	1	0	2	1	0	0	0
F-14A/D	30	12	12	12	12	12	24	24	18	12	12	12
V-22 (JVX)	0	0	0	0	0	0	18	18	18	0	0	0
Mk-48/50 Torpedoes	786	496	736	500	253	116	648	1003	759	574	574	401
Trident II (D-5) Missile	72	72	72	66	66	66	72	72	66	66	66	66

Note 1: Civilian Manpower is U.S. and Foreign Direct Hire and Foreign Indirect Hire, Navy Department (USN and USMC).
Note 2: Includes Marine Corps F/A-18 Aircraft
Note 3: Navy planning included advanced procurement in FY88/89 and full funding in FY90/93. Congress fully funded both carriers in FY88.

PLANNED MANPOWER, FORCE LEVELS, AND SELECTED PROCUREMENTS FOR FY88 AND FY89
**** MARINE CORPS ****

	--PLANNED FOR FY88 IN PRES. BUDGETS FOR:--					CURRENT	--PLANNED FOR FY89 IN PRES. BUDGETS FOR:--					AMENDED
	FY 84	FY 85	FY 86	FY 87	FY 88	FY 88	FY 85	FY 86	FY 87	FY 88	FY 89	FY 89
Active Manpower												
Officers	19,865	20,466	20,450	20,300	20,300	20,096	20,466	20,466	20,300	20,300	20,300	20,120
Enlisted	183,435	183,705	183,550	180,500	179,300	177,128	183,805	183,734	181,000	179,800	179,800	177,080
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Total	203,300	204,171	204,000	200,800	199,600	197,224	204,271	204,200	201,300	200,100	200,100	197,200
Reserve Manpower												
Officers	4,942	4,750	3,609	3,945	4,141	3,806	4,750	3,789	3,831	4,220	4,220	3,944
Enlisted	42,306	45,954	41,862	41,713	39,918	39,794	45,954	42,845	42,990	40,593	40,593	39,656
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Total	47,248	50,704	45,471	45,658	44,059	43,600	50,704	46,634	46,821	44,813	44,813	43,600
Civilian Manpower (Note 1)	---	---	---	---	---	--- ---	---	---	---	---	---	---
Major Combat Units												
Tactical Land Forces												
Divisions	4	4	4	4	4	4	5	4	4	4	4	4
Fixed Wing Aircraft	54	56	38	52	54	54	52	47	52	54	54	54
Rotary Wing Aircraft	564	564	558	558	562	562	564	558	558	566	566	566
Tactical Air Forces												
Fixed Wing Aircraft	574	554	561	579	582	582	544	552	573	588	588	588
Major Combat Equip. Modern. (Procurement units)												
AV-8B Harrier	60	48	48	42	32	24	60	60	42	32	32	24
TOW Missile	7,640	6,725	4,239	3,400	2,600	3,600	6,933	4,427	2,800	2,585	2,585	2,585
M-1 Tank	50	50	0	0	0	0	108	268	73	66	66	14
CH-53E (Note 2)	14	14	14	14	14	14	14	14	14	14	14	14

Note 1: USMC Civilian Manpower is included in Navy numbers.
Note 2: Includes Navy CH-53E Aircraft.

PLANNED MANPOWER, FORCE LEVELS, AND SELECTED PROCUREMENTS FOR FY88 AND FY89

**** AIR FORCE ****

	--PLANNED FOR FY88 IN PRES. BUDGETS FOR:--					CURRENT	--PLANNED FOR FY89 IN PRES. BUDGETS FOR:--					AMENDED
	FY 84	FY 85	FY 86	FY 87	FY 88	FY 88	FY 85	FY 86	FY 87	FY 88	FY 89	FY 89
Active Manpower												
Officers	113,835	113,550	112,539	110,386	109,071	105,538	113,482	112,778	110,643	109,615	109,615	105,538
Enlisted	565,246	528,033	511,544	496,697	485,212	465,648	529,001	514,305	496,740	486,568	486,568	465,645
Cadets	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417
Total	683,498	646,000	628,500	611,500	598,700	575,603	646,900	631,500	611,800	600,600	600,600	575,600
Reserve Manpower												
Officers	32,549	33,569	31,850	31,422	31,399	31,094	33,659	32,198	31,647	31,726	31,726	30,801
Enlisted	162,276	168,390	171,275	171,078	168,604	167,206	170,433	173,823	174,353	171,474	171,474	167,999
Total	194,825	201,959	203,125	202,500	200,003	198,300	204,092	206,021	206,000	203,200	203,200	198,800
Civilian Manpower (Note 1)	253,887	256,126	272,820	265,334	265,117	265,425	256,112	274,407	265,661	266,569	266,569	263,756
Major Combat Units												
Bombers	387	387	387	376	372	372	387	387	376	372	372	372
Fighter/Attack	3,107	2,943	2,858	2,868	2,792	2,792	3,033	2,948	2,898	2,798	2,798	2,695
Interceptors	285	270	270	252	252	252	270	270	234	252	252	252
Strategic Airlift	340	340	338	332	344	344	348	348	344	344	344	344
Tactical Airlift	588	588	584	577	560	560	588	584	577	560	560	560
Major Combat Equip. Modern. (Procurement units)												
F-16	180	216	216	216	180	180	216	216	216	180	180	180
F-15	96	96	60	48	42	42	96	60	48	42	42	36
Maverick	12,010	12,000	10,200	7,000	2,100	2,100	12,000	12,000	7,000	2,000	2,000	2,540
HARM	1,256	2,326	2,540	1,748	1,748	1,561	1,660	800	780	893	893	893
AMRAAM	2,400	2,400	960	833	630	348	1,800	1,625	1,950	1,750	1,750	1,750
Peacekeeper	48	48	48	48	21	12	18	37	48	21	21	12
C-17	12	2	2	2	2	2	4	4	4	4	4	4
MH-60D	48	35	35	0	0	0	48	27	0	0	0	0

Note 1: Civilian Manpower in U.S. and Foreign Direct Hire and Foreign Indirect Hire.

NET ASSESSMENTS

Senator McCain. I am deeply disturbed to find that PA&E is deeply involved in the Department's work on net assessments, and that it is attempting to enforce its own approach to net assessment and its own counting rules for measuring the balance, some of which are only being justified on the basis of historical continuity.

Could you describe in detail what you feel the role of PA&E should be in net assessment and the improvements you intend to make to ensure that the quality of PA&E's inputs are improved and that its inputs are fully responsive to the net assessment requirements of the Defense Authorization Act?

Would you provide a detailed list for the record of all studies of the military balance or net assessments that PA&E has participated in the last two years and describe PA&E's role in those efforts?

I am particularly concerned with PA&E's manipulation of the NATO and Warsaw Pact balance. Would you provide a detailed and comprehensive statement of PA&E's current methodology and approach to assessing the NATO and Warsaw Pact balance and provide a comprehensive list of all of PA&E's recommended counting rules and effectiveness factors and a detailed description of what you believe to be their strengths and weaknesses?

Dr. Chu. I am a bit puzzled by your question, Senator, because PA&E has played a very limited role in the Department's formal net assessment process. And I am unaware of any time when my staff has attempted to justify a counting rule solely (or even primarily) on the basis of historical continuity. Nevertheless, I welcome the opportunity to discuss PA&E's role in net assessments because I share your belief in their importance.

As I noted, PA&E has played a limited role in the Department's formal net assessment process. We have, occasionally, commented on the plans for production of net assessments, and we have reviewed some assessments after their completion. We have not, however, provided guidance to those who did net assessments nor participated directly in their development.

PA&E has helped other organizations by providing data for their work, in response to their requests. Since the mid 1970s, PA&E has been involved in developing data bases of United States, allied, and threat forces, both historical and projected, using consistent definitions. In this endeavor, we have worked closely with the Intelligence Community, and have made the data bases as inclusive as source data would permit so that individual analysts could apply whatever counting rules were appropriate to the situation they were assessing. We strive continuously to improve the accuracy and comprehensiveness of the Department's data.

In my view, the most important role for PA&E in net assessments is to ensure that the range of uncertainty is apparent. Any assessment involves judgments about a number of factors which we will never know with certainty (involving what exists, how it will be used, and how it will perform). In most situations, I would counsel against extreme assumptions (whether optimistic or pessimistic) and single point estimates.

Most of PA&E's work over the last two years has been in the formulation of the DOD program, first for fiscal years 1988–92 and more recently for fiscal years 1990–94. While program evaluations have drawn on balance assessments in some instances, they do not normally include the generation of such assessments themselves. There are three efforts, however, that could be described as studies of the military balance or net assessments in which PA&E has participated.

The first was completed just over 2 years ago in response to a request from Senator Goldwater and Congressman Aspin for a comparison of force ratios as a function of time after mobilization in key theaters. The report was prepared by PA&E and reviewed by the Capabilities Evaluation Steering Group (CESG), which is cochaired by OJCS and PA&E, and includes members from the Services, DIA, and USD(P).

The second effort was work within the CESG on the Military Status Reports published in April 1986 and October 1987. The CESG was established to improve DOD's ability to relate capabilities to expenditures. Most of the capabilities measures the group has adopted or developed to date are gross rather than net assessments.

The final effort involves the net assessment material presented in Soviet Military Power and the Secretary's Annual Report to Congress. In both cases, PA&E was among the offices reviewing material drafted by others. Final decisions on content, of course, were made by the Secretary and Deputy Secretary.

There is no "PA&E-approved" answer to all the complex issues involved in assessing the military balance. I expect my analysts to use good judgment in selecting data appropriate to the situation being evaluated and the methodology being used.

There are, however, certain perspectives that would characterize our contribution—indeed, the contribution of any good analyst.

First, consistent with this administration's view that any war with the Soviet Union might well spread worldwide, we would tend to portray the threat as distributed among regions and theaters rather than concentrated in any single location. For the same reason, we would not expect forces from the central reserves to be committed early in the conflict in any particular region, nor would we count strategic aircraft as part of the conventional balance. This does not preclude, of course, looking at cases where the Soviets choose to concentrate their forces, at the expense of their interests in other theaters, or their ability to meet other needs.

Second, we believe that our very significant investment in intelligence collection will pay off in a period of warning and that cases in which political authorities respond promptly to warning should be examined.

Finally, we would argue that any balance should take account of allies and potential allies on both sides. On the United States side, for example, this means including French forces and NATO stockpiles of war reserve equipment when those are relevant to the particular situation being evaluated.

[Whereupon, at 10:35 a.m., the committee proceeded to other business.]

[The nomination of David S.C. Chu, was reported to the Senate by Senator Sam Nunn on June 28, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on July 12, 1988.]

NOMINATION OF CHARLES S. WHITEHOUSE TO BE ASSISTANT SECRETARY OF DEFENSE FOR SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT

FRIDAY, JUNE 24, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:35 a.m., Senator Edward M. Kennedy presiding.

Present: Senators Kennedy, Warner, and McCain.

Staff present: Romie L. Brownlee, deputy staff director for the minority; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; Richard D. Finn, Jr., George K. Johnson, Jr., and James R. Locher III, professional staff members; and Pamela G. Powell, staff assistant.

Also present: William J. Lynn, assistant to Senator Kennedy; Jeffrey B. Subko, assistant to Senator Exon; Milton D. Beach, assistant to Senator Glenn; Christopher Mellon, assistant to Senator Cohen; Samuel J. Routson, assistant to Senator Symms; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT OF SENATOR EDWARD M. KENNEDY, PRESIDING

Senator KENNEDY. The committee will now turn its attention to the nomination of Ambassador Charles S. Whitehouse to serve as Assistant Secretary of Defense for Special Operations and Low Intensity Conflict. The position for which Ambassador Whitehouse has been nominated is of considerable interest to this committee.

Under the leadership of Senator Nunn and Senator Cohen, this committee played a key role in formally enacting legislation in 1986 to reform and reorganize special operations and low intensity conflict capabilities, policies, and programs.

Among the key provisions of this legislation was the establishment of the position of Assistant Secretary of Defense for Special Operations and Low Intensity Conflict. Unfortunately, implementation of that legislation has encountered substantial bureaucratic resistance in the Pentagon. The committee will be anxious to hear Ambassador Whitehouse's assessment of this situation and his plans for overcoming opposition with the Department of Defense.

Before his retirement in 1978, Ambassador Whitehouse had a distinguished career as a Foreign Service officer. He served as Ambassador to Laos, Ambassador to Thailand, and Deputy Ambassador to Vietnam. Ambassador Whitehouse also served as the deputy for CORDS in Vietnam, and graduated from the National War College.

Ambassador Whitehouse has considerable experience and expertise, especially in low intensity conflict. So we want to give you a warm welcome.

We want to recognize the distinguished ranking minority member, Senator Warner, who will formerly introduce Ambassador Whitehouse to the committee.

Senator **Warner**. Thank you, Mr. Chairman. You have covered the basics of the very distinguished public service career.

It is not surprising. He is the son of a father who himself completed a distinguished public service career, and the son has carried it on.

Mr. Whitehouse is joined here today with his wife Janet, who I am privileged to say has been a personal friend for much of my life. And I have had the opportunity to be with the nominee both in a private way and a professional way for many, many years.

I first knew of him when I was Secretary of the Navy and served in the Pentagon in that period of time the war in Vietnam was on, and he was carrying out a number of special missions on behalf of the President at that time.

Mr. Chairman and members of the committee, he brings to this office not only experience and tenacity of judgment, but an impeccable character, at a time when great emphasis is being placed on that particular qualification.

This is a new field of responsibility in the Department of Defense, and I think that—I do not think; I know that he has the qualifications to firmly meet the challenges and the importance of this office, such that successors can build on that foundation, because this is a changing world from the one that you and I knew in World War II, Charlie. We were relatively young and the missions of this country in terms of its military responsibility, in terms of its enemies, were clear.

Today much is gray. We have enemies that strike out from all directions, and we cannot fully expect and plan for every contingency. Consequently, you must build this organization as best you know how, together with your associates, both military and civilian, who will work with you to defend the interests of this country from the unexpected.

And we wish you luck. I think it will be an exciting venture for you and a very fitting one to continue your distinguished career.

We all regret, however, that you are going to have to give up some of the pleasures in life which you and I have enjoyed. Perhaps we can do it on an occasion.

Thank you, Mr. Chairman.

Senator **Kennedy**. You want to tell us a little bit about that?

Some of us have been fortunate enough to visit Senator Warner in Virginia, and I think we know how delightful and wonderful that hospitality is.

Senator **Warner**. I thank the Chair.

Mr. Chairman, Senator Cohen had hoped to be here this morning, but he is engaged in another hearing and I ask unanimous *consent that the statement by our colleague in this committee will* be included in the record.

Senator KENNEDY. It will be included in the record.

[The prepared statement of Senator Cohen follows:]

PREPARED STATEMENT BY SENATOR WILLIAM S. COHEN

Mr. Chairman, I would like to join you in welcoming Ambassador Whitehouse. I had the opportunity to meet with the Ambassador recently and review his credentials and my initial impression is very favorable. He has a distinguished record of service to the country and a background which appears to be well-suited for the position for which he has been nominated.

I would also like to take this opportunity to comment on the importance of this position. In 1985, after exhaustive analysis of the organization of the Department of Defense, the Senate Armed Services Committee staff recommended the creation of an office for special operations and low-intensity conflict in the Pentagon. That recommendation was based on the staff's conclusion that:

"(1) The threat to U.S. interests from the lower end of the conflict spectrum is becoming more serious; (2) the capabilities needed to respond to these threats are not among the traditional ones of the services; (3) the services have a tendency in force planning to focus on the high intensity conflicts upon which their resource programs are justified; (4) there is a need to coordinate the activities of the services as they seek to develop required capabilities in order to avoid unnecessary duplication; (5) there is a need for innovative thinking and new approaches to these threats; (6) a clear organizational focus may help to ensure that these capabilities receive the proper attention and priority."

These findings have recently been echoed by the President's Commission on Integrated Long-Term Strategy, which stated in its final report, "To defend its interests properly in the Third World, the United States will have to take low intensity conflict much more seriously." According to this report, "The preparations will not be expensive. But they require new kinds of planning, since they often call for missions, force structures, and equipment not now available in the U.S. inventory." Without strong leadership in the position for which Ambassador Whitehouse has been nominated, I do not believe such programs and policies are likely to be developed and implemented.

In recent weeks, the world's attention has once again been focused on strategic nuclear weapons and superpower relations. Because the nature of the nuclear threat is so palpable and so terrifying, we have devoted enormous resources and attention to deterring this form of conflict—as well we should. We have a Space Command, a Strategic Defense Initiative Organization, a proposed Strategic Defense Initiative Institute, a Strategic Defense Command, and dozens of provisions of law pertaining to strategic forces. Alongside the unlikely but terrifying prospect of a nuclear conflagration, however, we have to consider the daily reality of the brushfire wars that are burning in the jungles of the Philippines and in the deserts and mountains of Asia, Africa, and Latin America.

The United States experience in Vietnam and the Soviet experience in Afghanistan have both demonstrated the striking ability of insurgent forces to stymie if not defeat larger and better equipped conventional forces. Today, insurgent forces are challenging the authority of governments around the world. According to General Galvin's testimony last year, there are eight pro-communist insurgencies in our own hemisphere alone. Our interests are clearly at stake in many of these conflicts, as are the lives of millions of people who simply seek a better life for themselves and their children. Meanwhile, in addition to guerrilla warfare in the Third World, there has been a proliferation of terrorist attacks against targets in more developed countries. Such attacks, often aimed at American personnel and facilities, have become so commonplace today that incidents that would have been front page news in the fifties hardly warrant a column in the back pages today. In short, as we cast our gaze on the high frontier, we must be careful not to lose the ground out from under our feet.

There are no quick-fixes or technological gimmicks available to remedy the security problems posed by these unconventional threats. There is not going to be a space-based anti-guerrilla defense system capable of protecting our allies in the Third-World or stopping an assassin's bullet aimed at a modern Archduke Ferdinand. Indeed, it is important to bear in mind the potential for Third World conflicts to escalate into a general war. And in these unconventional conflicts, where each side is fighting for the allegiance of a civilian population, superior firepower cannot compensate for inferior ideas and policies.

It seems clear then, that in the difficult world we live in today, we need a highly qualified individual for the position for which Amb. Whitehouse has been nominated—someone who can develop the programs and policies necessary to address the pernicious if ambiguous threats of unconventional warfare—and do so in the face of hostility from vested bureaucratic interests.

In closing, Mr. Chairman, I would like to make two final points. First, I want to comment on the outstanding job Secretary Marsh has done as the Acting Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict. He has worked vigorously and conscientiously to implement the law and has had considerable success in overcoming bureaucratic inertia and opposition. He has done an outstanding job under difficult circumstances.

Finally, I want to put the Defense Department on notice that I intend to follow through on the unanimous recommendation of our witnesses last year, Gen. Edward Meyer, Noel Koch, and Gen. Sam Wilson, to carefully monitor the implementation of the legislation that established this position. I think Gen. Meyer accurately reflected the views of the entire group when he said, "There are many, many, many hidden road blocks and trap doors." As the ranking minority member of the Projection Forces and Regional Defense Subcommittee, I will be following this matter closely to ensure that unnecessary obstacles do not prevent full compliance with the law.

Thank you, Mr. Chairman.

Enclosure.

[From the New York Times, June 3, 1988]

25 WARS ARE STILL GOING ON

(By James Reston)

WASHINGTON.—On Memorial Day, or, as the British call it, Remembrance Day, there were many solemn tributes to the dead of past wars. But what we forgot to remember is that in the real world, below the summit meeting, 25 wars are still going on.

That's not a typographical error: 25 is the number, as tabulated by a Washington research institute called World Priorities.

Ruth Leger Sivard, who signed the study, concedes the difficulty of getting an accurate casualty toll in these wars, but she estimates that they have already taken the lives of three million people, four-fifths of them civilians.

She also noted the following: "The United States and the Soviet Union together spend about $1.5 billion a day on military defense. . . . The developing countries spend almost four times as much on arms as on health care of their people. Yet 20 percent of their children die before their fifth birthday."

She went on: "To protect Kuwaiti oil tankers in the Persian Gulf costs the United States Navy an extra $365 million a year above normal operating costs."

More wars, she said, were fought in 1987 than in any previous year on record. Her catalogue of present wars follows:

Latin America—Colombia, about 1,000 deaths a year since 1958; El Salvador, 65,000 deaths since 1979; Guatemala, 138,000 since 1966; Nicaragua, 30,000 since 1981, and Peru, 10,000 since 1981.

The Middle East—Iran-Iraq, 377,000 lives in eight years; Lebanon, 52,000 since 1982. (The study does not include countries where uprisings have taken fewer than 1,000 lives a year, as in Israel.)

Africa—Angola and Namibia, 213,000 since 1975. In addition, the Angolan war is linked to a smaller conflict in which 5,000 people have been killed in the South West Africa People's Organization fight to expel South African troops from Namibia; Chad, 7,000 since 1980; Ethiopia, 500,000 by war and related famine since 1980; Western Sahara, 10,000 since 1975; Mozambique, 400,000 since 1981 (plus 850,000 more refugees).

Also in Africa—South Africa, 4,000 since 1985; the Sudan, 10,000 since 1985, and Uganda, 102,000 since 1981.

Asia—Afghanistan, 14,000 Soviet troops and 85,000 Afghans since 1979; Burma, 2,000 since 1985; separatist violence in India, 5,000 since 1984; Indonesia (there are no reliable estimates in the fighting over East Timor); Cambodia, 24,000 since 1979; Laos and Vietnam, 30,000 since 1979; the Philippines, 60,000 since 1970, and Sri Lanka, 6,000 since 1984.

This study estimates that over all, since the end of World War II in 1945, the death total in all wars, rebellions and uprisings of various sorts have taken the lives of 17 million people, about half the deaths of the last world conflict.

The Economist of London, commenting on this study, notes that, outside the Persian Gulf war, all wars between nations have disappeared. The magazine also notes progress in the present evacuation of Soviet troops from Afghanistan and the United States-Soviet efforts to reduce atomic weapons.

The World Priorities study said: "Present nuclear arsenals, scattered worldwide, alone represent over 26,000 times the explosive force of all armaments used in World War II."

But there are other problems. Many of the present wars are fueled by the United States, the Soviet Union and other industrial nations, and the technology to produce nuclear weapons continues to spread.

Also, the news of the present wars is limited by indifference, censorship, as in the Iraq-Iran conflict, and unwillingness on the part of the major governments to share what information they have on these wars with the public.

To a large extent, therefore, these are "the forgotten wars," neglected even by those countries that preach the precious value of every human life.

Much was said at the Reagan-Gorbachev summit conference in Moscow about avoiding future nuclear wars, but little if anything about trying to end present wars, fought with everything from clubs and stones to poison gas. Or even about reducing the flow of military weapons to the combatants.

At least, the major nations that dominate the communications of the world could publish an annual tally of the world's dead.

As it is now, if a war is not on television, it's not happening.

[The nomination reference of Charles S. Whitehouse follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 9, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Charles S. Whitehouse, of Virginia, to be an Assistant Secretary of Defense, vice Chapman B. Cox, resigned.

[The biographical sketch of Charles S. Whitehouse, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF CHARLES S. WHITEHOUSE

Charles S. Whitehouse was born November 5, 1921, in Paris, France, where his father, Sheldon Whitehouse was serving as Counselor of the Embassy. Ambassador Whitehouse graduated from Yale University in 1947. He served as a pilot in the United States Marine Corps from 1942 to 1946 and was awarded the Air Medal and two Gold Stars.

Ambassador Whitehouse began his Government service in 1947 when he was assigned as Research Analyst with the Department of Defense.

From September 1948 to July 1956, Whitehouse served with the Department of State as Political Officer in Belgium, the Belgian Congo, Turkey and Cambodia. He then was assigned to Washington, D.C. as Special Assistant to C. Douglas Dillion, the Under Secretary of State for Economic Affairs. He served in this capacity until March 1959 when he returned overseas to serve as Political Officer in South Africa until February 1962. For the next 3 years, he was assigned to Washington, D.C. as Congo Desk Officer and subsequently in the Office of Personnel.

Ambassador Whitehouse graduated from the National War College in 1966 and was assigned as Deputy Chief of Mission, Conakry, Guinea. He was then assigned to Vietnam as Deputy for CORDS, Military Region III, in 1969–1970. During 1971, Whitehouse served as Acting Deputy Assistant Secretary of State for East Asian Affairs in Washington. He returned to Vietnam as Deputy Ambassador in February 1972 and was nominated as Ambassador to Laos in May 1973. He assumed his duties in Laos on September 11, 1973. He was nominated as Ambassador to Thailand on

March 28, 1975 and departed Laos on April 12, 1975. He arrived in Bangkok on May 14 and presented his credentials as Ambassador to Thailand on May 30, 1975.

He was awarded the State Department Superior Honor Award in 1968, the A.I.D. Distinguished Honor Award in 1971, and the State Department Distinguished Honor Award in May 1973.

Ambassador Whitehouse is married to the former Janet K. Grayson of Upperville, Va. He has two sons, a daughter, and 3 stepchildren.

Ambassador Whitehouse retired from the Foreign Service in August 1978. Since that time he has served as President of the American Foreign Service Association and has been Chairman of the Board of the Lycée Rochambeau in Bethesda. He is currently Chairman of the Board of the Piedmont Environmental Council, a nine county organization based in Warrenton, Virginia.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officials as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Charles Sheldon Whitehouse in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Charles Sheldon Whitehouse.

2. **Position to which nominated:**
Assistant Secretary of Defense (Special Operations/Low Intensity Conflict).

3. **Date of nomination:** May 9, 1988.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:** November 5, 1921, Paris, France.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Married. Janet Ketchum.

7. **Names and ages of children:**
Sheldon Whitehouse, 32; Charles Rand Whitehouse, 30; Sarah Penelope Whitehouse, 23.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
St Paul's School, Concord, NH, 1934-1940.

Yale, 1940–1942, 1946–1947, BA, June 1947.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Retired from the Foreign Service since August 1978.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Director, Institute for the Study of Diplomacy, Georgetown.
Director, Asia Society (Washington Branch).
Director, Piedmont Environmental Council, Warrenton, VA.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Metropolitan Club, Washington, DC.
Chevy Chase Club, Chevy Chase, MD.
Orange County Hunt, The Plains, VA.
Middleburg Tennis Club, Middleburg, VA.
Fauquier Springs Country Club, Warrenton, VA.
American Foreign Service Assn.
Council on Foreign Relations.
DACOR (Diplomatic and Consular Officers, Retired.)

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

POLITICAL CONTRIBUTIONS

September 1983, Janice Travel Campaign, $100; Walter Hitchcock Campaign, $100; James R. Green for Supervisor, $100; Alice Jane Ghilds Campaign, $100.

March 1984, Citizens for Percy, $250; Republican Party of Virginia, $100; the President's Dinner, $250.

June 1984, Richardson for Senator, $200; Citizens for Percy, $100.
May 1985, Richardson for Senator, $250.
August 1985, Fund for America's Future, $1,000.
September 1985, Ben Lawrence Campaign, $400.
August 1986, Atoka County Supper, $100.
October 1986, Sundlun for Governor Committee, $100.
March 1987, Committee for Fiscal Responsibility, $100.
May 1987, Pete du Pont for President, $200.
July 1987, Georgia Herbert Election Fund, $100.
August 1987, Atoka County Supper, $100.
March 1987, George Bush for President, $1,000.
September 1987, Citizens for Audrey Moore, $250.
April 1988, Senator Chafee Committee, $1,000.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Distinguished Honor Award, Department of State.
Distinguished Honor Award, AID.
Meritorious Honor Award, Department of State.
Air Medal, two gold stars.
Legion of Honor, France.
National Order of Vietnam.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

Speech to Jedburgh Association, May 14, 1988.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

The Secretary of Defense believes I have the required qualifications.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular employment?

I believe that my experience in the Foreign Service, particularly my years in the Indo China war qualify me for this appointment.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Charles S. Whitehouse.

Part B—Future Employment Relationships

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements, to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed, and if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part C—Potential Conflicts of Interest

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have been engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty of nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of another person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement and Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

CHARLES S. WHITEHOUSE.

This 17th day of May, 1988.

Senator **KENNEDY**. Mr. Ambassador, do you have any comments or do you want to make any opening comments or statement?

HON. CHARLES S. WHITEHOUSE, OF VIRGINIA, TO BE ASSISTANT SECRETARY OF DEFENSE FOR SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT

Mr. **WHITEHOUSE**. No, I do not, Mr. Chairman. But I am exceedingly grateful for the very generous remarks of Senator Warner.

Senator **KENNEDY**. Let me go into an area now which has been recognized, I think, certainly by the Congress and as well as by the Department. And that has been the basic opposition in the Pentagon to the implementation of the legislation. It has been substantial over the past 20 months.

So what insight can you give us to the reason for the opposition? How do you plan to overcome it?

Mr. **WHITEHOUSE**. Mr. Chairman, obviously there was opposition to the actions which the Senate took in creating the office for which I have been nominated and the command. It is my feeling, though, based on the period of time that I have spent getting briefed since my candidacy was sent forward, that the situation today is much less serious and difficult than it was some time ago.

First of all, I think that Secretary of the Army Marsh has really done an outstanding job in assuming the responsibilities which the Congress placed on him in the absence of an individual in the job for which I have been nominated.

Second, I think that the services have moved out quickly and efficiently to create the new command. As you know, General Lindsay and his command are fully operational down at MacDill Air Force Base right now.

I think there is always a certain degree of discomfort when a new entity appears on the bureaucratic scene, and I am mindful of the fact that a certain amount of what I will call discomfort with regard to these changes remains.

But I am confident that this opposition will diminish as the people who have questioned the desirability of the actions that have been taken perceive that the new command and the creation of the office that I would fill are not threatening, but indeed are contributing to our national security in a world that is very uncertain and fraught with danger, and in which the need for the kind of forces and the kind of command which the Congress established becomes abundantly clear.

Senator **KENNEDY**. A number of observers are of the opinion that the efforts of the United States to engage in low intensity conflict places far too much emphasis on military means, and that there should be greater reliance on non-military means.

What is your assessment?

Mr. WHITEHOUSE. I agree with you absolutely, Mr. Chairman. My experience in Vietnam and in Laos brought home to me that in the insurgency environment the military role and the ensuring of the security and tranquility of the population are very important, but are really a minor part of the total effort that is required in order to have the counterinsurgency effort prevail.

I would estimate that the military role in low intensity conflict was in the area of 30 percent, and that there are the vast fields of transportation, health, education, agriculture, refugee relief, administration, and so forth that are as important as the military role.

Senator KENNEDY. How do you assess this area of low intensity conflict and the potential for misinterpreting some of our adversaries' positions in these countries? I feel that there is a pretty good understanding of what the strategic balance is, the strategic policy, with regard to conventional conflict, I believe, both in terms of Western Europe and in terms of Korea.

It is this area of national policy that probably has not been nearly as well defined, nor resources committed. And I am just interested in your own assessment as one who has been involved both as an activist and as an observer in terms of foreign policy issues and questions.

How do you assess the national interest in these particular areas?

Mr. WHITEHOUSE. It is obvious that the world is full of conflicts and degrees of hostility that fall way below general war. It is my view that many, indeed most, of those do not imperil the security of the United States, and are not hostilities in which the United States should in any way get involved.

On the other hand, I think that it is highly probable that in the relatively near future situations will emerge. I cannot say where. I cannot even hazard where. Situations will emerge in which our national security in a very basic way may be involved if the situation develops in a way that it would be difficult for us.

And therefore I think, acting with the consent of the Senate and with great prudence, we should be prepared to assist foreign governments who are facing domestic difficulties or insurgencies the success of which would be harmful to our national interest.

Senator KENNEDY. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Congratulations, Ambassador, on your appointment. I think your position is a very crucial one and one that hopefully we will not have to use operationally. But situations that exist throughout the world lend themselves to the possibility, if not the likelihood, of your job becoming more visible than perhaps we would all like.

I was pleased to hear your answer to Senator Kennedy's question about the acceptability of SOF within the Pentagon. I would hope that you would continue to work in making that relationship more effective and productive in the future.

I have several questions that I ask that you would respond to in writing. One of them is, how do you feel that the forces under your jurisdiction should be budgeted and programmed, and what should the role of your office be relative to that of the services?

If you would like to address that orally, I would be glad to hear your views.

Mr. **Whitehouse**. Yes, I would be happy to, Senator. The question of whether General Lindsay should have a POM was raised by the chairman with Dr. Chu earlier. In the short time that I have been in the Pentagon and getting briefed, this issue has of course emerged repeatedly, and many senior officers and officials and retired officers whose judgment I respect feel very strongly that General Lindsay should have his own POM and that seeing that this takes place is a matter of very high priority to them.

It is also a matter of high priority to me to see that a decision on this subject is taken as soon as possible. During the period that Secretary Marsh has had the SOF responsibility, he commissioned a study to be made by LMI to look into how this could be handled and what the advantages and disadvantages are.

As you know, up to the present time General Lindsay has been supported through the services. The LMI is due to submit their report on this subject early in August, and I will be studying that at that time and will make this question a matter of the highest priority.

Senator **McCain**. Good. Thank you.

I have other questions for which I would like you to submit answers for the record.

Thank you, Mr. Chairman.

Senator **Kennedy**. I do, too, Mr. Ambassador.

You are familiar enough with our procedure. There is a matter up on the floor now involving my committee, for which I am going to have to excuse myself. But I congratulate you for your appointment.

I think you have a keen awareness and a sense of the strong commitment that this committee has in terms of your success. And I think that that is broad-based, and that your time in this Department will be enormously important in terms of the whole future of this very important area for our national security interest.

And obviously, we are going to wish you well and want to cooperate with you in all possible ways. I will just submit questions to you. And again, I congratulate you and wish you well.

[Questions for the hearing record with answers supplied follow:]

Questions Submitted by Senator Edward M. Kennedy

CONGRESSIONALLY MANDATED REFORM

Senator **Kennedy**. Ambassador Whitehouse, as you know, in 1986 the Congress mandated sweeping reform and reorganization of Special Operations and Low Intensity Conflict capabilities, policies, and programs. Would you provide the committee with your views on the appropriateness and potential of the legislation?

Ambassador **Whitehouse**. The legislation was timely. Following the Vietnam conflict there was considerable degradation in the capability of our Special Operations Forces. Concurrently, Low Intensity Conflict (LIC) proliferated in many parts of the world. The need for Special Operations Forces in a high state of readiness and for formulating a national strategy for LIC became readily apparent.

The merits of this legislation lies in the institutionalization of Special Operations Forces by the creation of a new unified command and a high-level position in the Department of Defense. The loose confederation of disparate parties were parochially lacking in cohesion. The potential of the legislation is in its assurance that the Department of Defense will be prepared to take action at all levels of conflict.

LOW INTENSITY CONFLICT

Senator **Kennedy**. What actions do you have planned for making meaningful progress in planning and preparing for, and engaging in, low intensity conflicts?

Ambassador **Whitehouse**. Planning and preparing for LIC provides a relatively new institutional focus on an old and difficult problem. As Secretary Marsh briefed you in March, our efforts to date have focused on institutionalizing the office and laying the ground work for a sound policy base for LIC. As he noted, the U.S. response to LIC must encompass all the components of national power—economic, political, informational, and military. We are working in the interagency arena to promote efforts in the first two areas. Within DOD, we have begun to address the LIC problem in several venues—manpower, equipment, strategy, and doctrine—all of which must be accomplished if we are to be able to develop long-term solutions to LIC. USCINCSOC is addressing his role in LIC; the JCS have begun to formulate LIC doctrine; other CINCs will be developing strategies that deal with LIC in their parts of the world, and the Services are evaluating solutions to LIC problems that we face. The interagency effort, through the auspices of the LIC Board, has also continued to build broad-based understanding and support. But, our work has just begun.

COUNTERPART POSITIONS

Senator **Kennedy**. Does this high visibility position compound the problem of trying to see low intensity conflict in more than just military terms? If so, should counterpart positions to the one for which you have been nominated be established in other agencies and departments, particularly the Department of State?

Ambassador **Whitehouse**. The high visibility of this office has not been a hindrance. My predecessor has enjoyed a good relationship throughout the government, and elsewhere, and I expect no difference for myself. We all have to work to ensure the broadest understanding that LIC is an environment, one in which the military is only one component. This understanding, however, is an education function. It is not predicated on the creation of counterpart positions.

BOARD FOR LOW INTENSITY CONFLICT

Senator **Kennedy**. Do you believe that this Board can play a useful role in promoting interagency coordination for low intensity conflict? How has the Board operated so far?

Ambassador **Whitehouse**. As you know, the Board, a cabinet-level organization, has not yet met. However, the structure that supports the Board, composed of interagency groups, has met numerous times and has made progress in addressing LIC issues. The Board structure provides us with the forum to begin to solve problems. I think the Board's role can be extremely useful and hope to see it address some of the more pressing issues in the future.

ORGANIZATIONAL FOCUS

Senator **Kennedy**. Is there a logical organizational focus for low intensity conflict at the operational level? What role in low intensity conflict planning and preparation do you foresee for the U.S. Special Operations Command?

Ambassador **Whitehouse**. There is an organizational focus at the operational level for LIC, specifically the Country Team. This is particularly true if one is talking about support to governments resisting insurgency. It would be a mistake to conceive of responses in this arena as purely or even predominately military. The role of DoD in this case is in support of a broad-based program that integrates political, economic, informational, and social responses. The regional CINCs, supported by USSOCOM, are the operational components in other LIC situations. While SOF plays an important role in LIC, they are only one of the components in the military effort. USSOCOM's role is to provide SO trained forces and prepare appropriate special operations doctrine and programs in support of the regional commands. USSOCOM, however, is a relatively new organization, and time will be needed to examine the issue in more depth and to work out, in cooperation with JCS and other CINCs, appropriate roles and missions.

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

PRIORITIES

Senator COHEN. Ambassador Whitehouse, what do you hope to accomplish in the time remaining in this administration—what are your priorities?

Ambassador WHITEHOUSE. My priority is to continue the progress we have made in improving SOF capabilities and in integrating low-intensity conflict concepts into our strategies, doctrine and our institutions. I believe we must work closely with General Lindsay, Commander, U.S. Special Operations Command, the Theater CINCs, the JCS, the services, and the other components of OSD to develop a cooperative and productive relationship that will sustain our effort now and over the long term. I also intend to see my office adequately and appropriately staffed and consolidated in the Pentagon.

BUDGET RESPONSIBILITIES

Senator COHEN. The Congress has given the Commander of the Special Operations Command a set of unique budgetary responsibilities. These include the responsibility for preparing and submitting a budget for special operations forces and developing and acquiring special operations peculiar equipment. Are you committed to seeing that this aspect of the law is fully implemented?

Ambassador WHITEHOUSE. Senator Cohen, I am fully committed to implementing the law regarding the Commander of the Special Operations Command's participation in the budget process.

POLICY FORMULATION

Senator COHEN. What role do you envision for yourself in developing policy for countries such as the Philippines and El Salvador where the primary threat to the government is internal rather than external?

Ambassador WHITEHOUSE. Our role in developing country-specific policies must come as part of a government-wide, cooperative effort. The State Department and specific country teams must have the lead in developing and executing policies. Our role is to provide the type of support that DoD can provide to redress specific problems, efficiently, economically, and in a timely fashion. We will work through the NSC LIC Board and other policy coordinating mechanisms to ensure that our support is adequate and effective. Within the Department of Defense, we shall continue to work to ensure that appropriate strategies, doctrine, force structure, and equipment are developed and prepared to provide this support.

OSD RELATIONSHIPS

Senator COHEN. If you are confirmed, how do you intend to coordinate the activities of your office with those of the Office of International Security Affairs, which has overlapping responsibility in many areas of the world?

Ambassador WHITEHOUSE. This office has made it a point to coordinate very closely all actions having a "regional" connection with the appropriate OSD Assistant Secretary and staff, i.e., International Security Policy for Europe; International Security Affairs for other regions. I believe the internal coordination relationships which developed prior to my confirmation have been excellent and I intend to do my part to ensure these communications channels remain unobstructed. The regional Assistant Secretaries lend unique area expertise in the development of special operations and low intensity conflict policy. This expertise must continue to be drawn upon, as will the knowledge and talents of other key Department of Defense and interagency participants.

ECONOMIC ASSISTANCE

Senator COHEN. There is some talk of developing an international Marshall plan for the Philippines. Ironically, however, some believe that money spent in contested areas could actually bolster the guerrillas. They argue that a) the guerrillas will get credit for having produced these benefits; and b) that funds spent in contested areas could easily find their way into the hands of insurgent organizations. They believe the money should first be spent in areas already under government control (to solidify government support and demonstrate the advantages of siding with the government) and then in contested areas where the government can provide security for the population. What is your view?

Ambassador WHITEHOUSE. It is true in most insurgent situations that assistance provided to the government may end up in the wrong hands. Given the often confusing interplay of forces in such an environment, this is not an unexpected development, nor one for which foolproof safeguards exist to prevent its occurrence. Obviously if whole classes of society think they are deprived of economic and social rights, the priority should be a government-controlled area. In the LIC environment, however, money must be spent through the local government in contested areas. I believe that our experience in "pacification" in Vietnam bears this theory out.

SPECIAL OPERATIONS POLICY ADVISORY GROUP

Senator COHEN. As you know, the Special Operations Policy Advisory Group (SOPAG) is composed of a number of highly distinguished military officers with substantial backgrounds in special operations and low-intensity conflict. If you are confirmed, what role would you like to see this group play in the formulation of policy by your office?

Ambassador WHITEHOUSE. I have known most of the members of the SOPAG for many years and worked closely with some of them in Laos and Vietnam. Their experience and good judgment are an invaluable asset to our country's activities in the fields of special operations and low intensity conflict. I can assure you that I expect them to play a very important advisory role and have been consulting with several of them in recent weeks, I have also asked that a SOPAG meeting be held next month.

DRUG INTERDICTION

Senator COHEN. Ambassador Whitehouse, it appears that there is going to be an increasing role for the Defense Department in the years ahead in stemming the flow of drugs into the United States. What role do you think the Department of Defense should play in this "war on drugs" and what role would you envision for the Office of Special Operations and Low-Intensity Conflict?

Ambassador WHITEHOUSE. There can be no question that illegal drugs pose a serious challenge to the health of this country and the stability of many of our friends and allies. We must all contribute to an effort to halt this menace to our national life. But, as Secretary Carlucci has indicated, the role of the military in drug interdiction is a supporting one and should not be permitted to affect the operational capability of the military to perform its primary missions. To date, the Department of Defense has provided considerable support to the appropriate law enforcement agencies and plans to increase this support, as appropriate, in the future. The Secretary has also authorized a vigorous testing program within the military and believes that a key component of any anti-drug effort must come in domestic programs aimed at reducing consumption. My office supports this effort, and we are working with the Department's drug focal point—the Office of the Assistance Secretary of Defense for Force Management and Personnel—and the JCS, and ISA to establish the role this office will play.

COUNTERTERRORISM MATTERS

Senator COHEN. At present, the Office of International Security Affairs continues to be the DoD representative at the NSC for matters pertaining to counterterrorism. This relationship seems anachronistic given the duties and responsibilities now assigned to the Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict by the Secretary of Defense. What is your view?

Ambassador WHITEHOUSE. The majority of counterterrorism (CT) issues addressed by the interagency players are non-special operations-related. Thus, I do not consider the continued participation by the Assistant Secretary of Defense for International Security Affairs to be anachronistic. To the contrary, he brings to those meetings a broad, political-military perspective which contributes to the fine balance the group currently enjoys. I am already participating as a coequal member of this vitally important interagency CT management process.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

COMMAND RELATIONSHIPS

Senator MCCAIN. Could you describe in detail how you feel the Department should manage the problem of the overall command of special forces and units for low intensity combat?

Ambassador **Whitehouse**. The command relationships outlined in the Goldwater-Nichols National Defense Reorganization legislation as augmented by section 1311 of the National Defense Authorization Act for fiscal year 1987 are, in my judgment, the best way to command our special operations forces across the spectrum of conflict.

Basically, the theater CINCs are in command of activities within their respective areas of responsibility except in rare instances when the National Command Authorities deem it necessary to task USCINCSOC to command the operation. To do otherwise would disrupt unity of command. It could also result in confusion to forces charged with supporting a theater CINC or USCINCSOC.

RESOURCE MANAGEMENT ACTIVITIES

Senator **McCain**. Can you describe how you feel the forces under your jurisdiction should be budgeted and programmed, and what the role of your office should be relative to that of the services?

Ambassador **Whitehouse**. As you know, the law regarding the role of the Assistant Secretary and Commander, Special Operations Command, are specific regarding resource management activities. I am certainly committed to complying with these provisions and any changes that may occur to them during my tenure in office. I am still in the process of determining a position on whether [illegible] Commander, Special Operations Command, should have his own Program Objectives Memorandum and how he should interface with my office and other DOD organizations on resource management activities. I expect shortly to receive an independent study that is evaluating this matter. This study should assist us in reaching a decision.

COMPARISON OF UNITED STATES AND SOVIET SOF

Senator **McCain**. Can you tell us how our approach to special forces and LIC compares to that of the Soviet Union and our allies, and can you provide us with a detailed analysis of the strengths or weaknesses of our approach to that of other countries? Could you provide us with a copy of any comparative studies or net assessments?

Ambassador **Whitehouse**. Your question is very complex. I am sure that I cannot discuss it as rigorously or in the kind of detail that either of us would like. But let me try to address the major points.

Since WWII, our military thinking has been oriented toward the use of strategic nuclear forces, and the use of general purpose forces engaged in major conflicts, and mobilization.

Although there was a short period during the early years of the Kennedy Administration when serious consideration was given to the development and use of special operations forces—or "SOF"—to help deal with low-level conflicts around the world, this thinking and emphasis did not survive past the Johnson Administration.

Revitalized interest in the use of SOF as an element of national strategy is a fairly recent development and one only now beginning to achieve some acceptance within the military establishment. Similarly, the gradual shift in emphasis from general war preparations to preparations for military operations in a LIC environment is also a fairly recent phenomenon and one that continues to evolve.

On the other hand, the Soviet Union has historically relied on irregular (or unconventional) warfare tactics. It is, today, predisposed to promote and improve its special operations forces *(Spetsnaz)* capabilities. A fundamental precept of the Soviet Constitution is support for "wars of national liberation". *Spetsnaz* units can play a pivotal role in training and, when necessary, leading insurgents. In mid- and high-intensity scenarios, Soviet military planners have long recognized the value of raids, sabotage, and sensitive intelligence missions used to influence the "correlation of forces." The Soviets, or course, have a very active program in the Third World in support of subversive elements and governments facing anti-communist resistance movements. As you well know, the Soviets and their allies have provided money, arms, training, and support to terrorist and insurgent organizations worldwide. The main strength of the Soviet effort, as I see it, is its size and consistency. They have few qualms about massive arms transfers or supporting and insurgency over time. The Soviets, for example, provide more military assistance to Cuba and Nicaragua than we provide to all of Latin America and sub-Saharan Africa. There are more Soviet advisers in Latin America than United States advisers. And every Soviet client in this hemisphere has larger, better-equipped armed forces than their U.S.-supported neighbors. Cuba maintains, with Soviet aid, more troops overseas than Honduras or Panama have in their total armed forces.

In considering our allies' approach to SOF and LIC, the record is mixed. Great Britain and Israel have traditionally held their special operations forces in high regard and have, in general, employed them well. We should also not lose sight of essential differences between our global commitments and those, for example, of Great Britian and Israel.

Our SOF must, per force, be larger. The others have more narrow foreign policy aims that could involve SOF. U.S. SOF are earmarked for every geographical CINC. As we may suppose, the sole Israeli concern is maintenance of her borders. Nevertheless, these two allies share a good appreciation for LIC and the demands it places on the modern industrial nations. Most of our other allies have less impressive records and less capable SOF, as well.

Comparing our approach to special operations and LIC to that of other countries, we are doing much better today. After the failed hostage rescue attempt into Iran in 1980, the Holloway Commission aptly pointed out a number of shortcomings to our employment of SOF. While we have made remarkable progress, much remains to be done. As the Commission On Integrated Long-Term Strategy pointed out in its January 1988 report on Discriminate Deterrence, our military involvement in the Third World suffers primarily from the lack of consensus.

In summary, I am becoming increasingly aware of the improvements that must be made in the development of a SOF capable of responding to wartime requirements and the variety of contingencies and crises that are now prevalent throughout the world. Similarly, much needs to be done to craft an interagency adroitness with low-intensity conflicts and within the context of national strategy. The challenge, then, will be to use the position of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict to influence the various governmental agencies and institutions to support a responsible program to improve our special operations capabilities and the way we deal with insurgencies, counter-insurgencies, and instability in the Third World.

I commend for your reading a comparative work on the subject title *Green Berets, SEALs and Spetsnaz* by John M. Collins (Pergamon-Brassey's).

RELATIONSHIPS WITH DOD COMPONENTS

Senator McCain. What interface do you believe should exist between your office, the unified and specified commands, and the Defense Security Assistance Agency?

Ambassador Whitehouse. My office maintains close relationships, as appropriate, with all DOD components. We work with the JCS and the unified commands to ensure that SOF and LIC issues are adequately represented in planning and programming. Since security assistance is one of the principal instruments in US policy for low-intensity conflict, DSAA and my office coordinate regularly at the staff level.

Senator Kennedy. The committee stands in recess.

[Whereupon, at 10:50 a.m., the committee was adjourned.]

[The nomination of Charles S. Whitehouse, was reported to the Senate by Senator Sam Nunn on June 28, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on July 12, 1988.]

NOMINATION OF MILTON L. LOHR TO BE DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION

WEDNESDAY, SEPTEMBER 14, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:34 a.m., in room SR-222, Russell Senate Office Building, Senator Jeff Bingaman presiding.

Present: Senators Bingaman, Nunn, Dixon, Thurmond and Wilson.

Staff present: Patrick A. Tucker, minority counsel; Andrew S. Effron, counsel; Gerald K. Bankus, Jonathan L. Etherton, Sherri Wasserman Goodman, George K. Johnson, Jr., Ronald P. Kelly, professional staff members; and Barbara L. Braucht, staff assistant.

Also present: Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Jeffrey B. Subko, assistant to Senator Exon; Donald A. Mitchell, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; Mark J. Albrecht, assistant to Senator Wilson.

OPENING STATEMENT BY SENATOR JEFF BINGAMAN, PRESIDING

Senator BINGAMAN. Let me make just a very brief opening statement and then defer to Senator Thurmond for any statement he has. I understand Senator Wilson would like to introduce the witness to the committee and we will, of course, acknowledge him to do that when he arrives.

The committee meets today to consider the nomination of Milton L. Lohr to be the Deputy Under Secretary of Defense for Acquisition.

In 1986, the Packard Commission described the DOD procurement process as fragmented and emphasized the need to establish unambiguous authority for overall acquisition policy by creating a new position of Under Secretary of Defense for Acquisition.

When we enacted legislation establishing the Under Secretary's position, we also created a statutory Deputy. We did so because we recognized that there would be substantial resistance to the Under Secretary within the bureaucracy and the new Under Secretary would need a senior Deputy with sufficient stature to help him implement the major reforms recommended by the Packard Commission in a timely and effective manner.

Subsequent events have demonstrated the validity of those concerns. The first Under Secretary resigned after less than a year in office noting, "The resistance was so strong that I did not think the job was do-able."

In hearings before this committee this summer, Mr. Packard said, "This office and the person in it is not yet able to exert as much authority as we would like him to have."

Despite these problems and the burgeoning demands on the Under Secretary, the Deputy's position remained unfilled throughout the implementation of the Packard Commission's recommendations and well into the unfolding of the current procurement investigation. We are pleased, however, that we now have a nominee before the committee.

Mr. Lohr brings to this position 33 years of experience in aerospace and defense related activities, including service in both industry and in the Department of Defense. He served on a panel of the President's Science Advisory Committee, the Defense Science Board and the Army Science Board.

This is a most challenging time for anyone to take on a senior position in the acquisition field and we commend you for your spirited public service and your courage in taking this job at this time.

If confirmed, you will have the opportunity to participate in decisions that might have a major impact on the efficiency and the effectiveness of our acquisition process.

We are very pleased that your wife, Carolyn is accompanying you today. We are also pleased that Senator Wilson will be here to introduce you.

I will defer to Senator Thurmond at this time, if he has an opening statement, and then we will go right to the witness for any statement you would have.

Senator Thurmond, did you have any opening statement that you wanted to make with regard to this nominee or this hearing?

Senator THURMOND. Mr. Chairman, I want to welcome the nominee here. He has a fine record. He appears to be well qualified to fill this position. I have just a few questions to ask when the time comes.

Senator BINGAMAN. Senator Dixon has a prepared statement for the record.

[The prepared statement of Senator Alan Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today's hearing is on the nomination of Milton L. Lohr to be Deputy Under Secretary of Defense for Acquisition.

Mr. Lohr has a very extensive background both in the private sector and in Government. His resume indicates that he has served on the Defense Science Board and in other positions within the Defense Department. I am pleased to see this mixture of Government and business experience.

I have been deeply concerned with all the revelations of the procurement scandals at the Department of Defense. The common thread throughout is poor management and leadership at the highest levels of the Department of Defense. I have recently introduced new legislation which strengthens the role of the Under Secretary of Defense for Acquisition. The main intent of this legislation is to establish the Under Secretary of Defense for Acquisition as a true procurement czar within DOD.

I strongly believe that we must centralize authority and responsibility for acquisition policy in a single office. I realize that there will always be some individuals who will put personal gain above all else. However, we must do everything possible to correct the inherent inefficiencies of the current system and to reduce the potential for abuse.

Thank you, Mr. Chairman.

[The nomination reference of Milton L. Lohr follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
July 25, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Milton L. Lohr, of California, to be Deputy Under Secretary of Defense for Acquisition. (New Position)

[The biographical sketch of Milton L. Lohr, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF MILTON L. LOHR

Education:

B.S., University of Southern California (1949).

M.S.E.E., University of California at Los Angeles (Statistical Communication Theory, 1964).

Areas of Expertise:

Aircraft, electronic warfare, tactical weapons, operations evaluations, air defense, air combat, strike warfare, and R&D management.

Background:

Mr. Lohr has approximately 33 years of experience in Electronics and Civil/Military Aircraft encompassing development and production, and has held top management positions in industry and government. Activities include flight test, aircraft modifications, FAA certification, radar, tactical weapons, air defense, and air traffic control.

He was associated with RCA, Aeronautic-Ford, TRW, the Office of the Secretary of Defense (ODDR&E), and is currently a member of the Army Science Board and Associate Member of the Defense Science Board. He also served as a consultant to various government agencies, the Office of the Secretary of Defense, the Air Force, and as Panel Member of the President's Scientific Advisory Committee. He was awarded the Secretary of Defense Meritorious Civilian Service Medal for his outstanding contributions in improving the Tactical Missile capability of the Armed Forces. Mr. Lohr has spoken before various military and industrial groups and has written numerous papers and articles on tactical weapons. He is listed in Who's Who in the West.

He played a key role in developing new organizations from start-up to public corporation. Mr. Lohr was one of the principals involved in the general management of Flight Systems, Inc., a company that modifies and integrates aircraft, conducts flight test operations, develops radar and ECM simulators and covers the spectrum of tactical weapons research and analysis.

From 1987 to Present—President, Defense Development Corporation:

Founded company engaged in providing consulting services to industry and government in the area of Tactical Warfare. Major activities are in air defense, tactical weapons, air warfare and directed energy weapons. Currently a member of the Army Science Board as well as serving on the Board of Directors of public corporations in the defense community.

From 1983 to 1987—President, Defense Research Corporation; Sr. Vice President, TITAN Systems, Inc.

Initially founded DRC, a company engaged in providing technical and general management consulting services to industry and government. Business areas encompassed (a) aviation electronics, weapons, submarine warfare, and overall issues associated with tactical warfare, (b) ballistic missile defense, and (c) advanced concepts and planning in non-nuclear warfare. On the business side, activities included problems in general management and corporate development, as well as in the initiation and growth of emerging companies.

DRC was merged with TITAN in 1984, and responsibilities were extended to include general management for tactical systems. Effort was primarily devoted to developing these areas for the corporation; with emphasis on hardware related programs such as guided missiles, automatic test equipment, tactical decision aids, air defense, and the application of artificial intelligence and/or expert system technology to submarines and tanks.

1969 to 1983—Executive Vice President, Flight Systems, Inc.

Mr. Lohr worked in concert with the President in guiding the overall technical and general management direction of FSI. The company concentrated its activities in aircraft integration and modification, conduct of flight test operations employing A-4, F-100, F-86, T-33 and T-39 aircraft, development and production of radar and ECM simulators, and covered the spectrum of tactical weapon research and analysis to support in the planning and conduct of OTE of combat weapons and electronic warfare systems. Examples are: Conduct of air combat system effectiveness and development of fighter tactics, study and analyses of advanced tactical weapon systems for air defense and interdiction, technical support on current tactical missile development programs, development of threat emitter simulators, and technical support in the planning and conduct of OTE of fighter weapon systems and EW and IRCM systems. Additionally, FSI operated ex-military jet fighters and a Sabreliner for testing navigators, air-launched ordnance/missiles, radars, lasers, and sensors against air and surface targets. FSI developed and produces a full-scale, remotely piloted, highly maneuverable aircraft target (QF-86). On the commercial side, FSI support/conducts FAA flight test certification on new executive jet and general aviation aircraft.

1968 to 1969—TRW Systems.

Mr. Lohr was Special Assistant to the Vice President and General Manager of the Systems Engineering and Integration Division. His primary role was to provide technical direction and management guidance in the tactical warfare systems areas which included the USAF's 407L Tactical Air Control System, the tactical missile, guidance and missile systems, various counter infiltration systems, and other limited warfare programs. He served on a Defense Science Board Panel on tactical warfare and on panels of the President's Scientific Advisory Committee.

1965 to 1968—Office of the Secretary of Defense, Office of Director of Defense Research and Engineering, Deputy Assistant for Tactical Ordnance and Missile Systems.

The Tactical Missile Systems Office was responsible for developing policy, program guidance and direction, and for recommending all program and funding actions on tactical surface-to-air, air-to-air, air-to-surface, and surface-to-surface missile systems and related test facilities of the Army, Navy and Air Force, to the Deputy Director (Tactical Warfare Programs) and Director of Defense Research and Engineering. This includes missions such as Navy Fleet Air Defense, Army Division Air Defense, Tactical Air and Strike Warfare and Army Land Combat and considers such factors as: operational requirements, alternative solutions, cost effectiveness, technical approach, cost schedules and productibility.

As Deputy Assistant Director, Mr. Lohr was directly responsible for the areas of Tactical Air and Strike Warfare which include interface with Avionic Systems and Electronic Warfare. He played a major role in formulating and initiating a program for providing effective aircraft tactics and was responsible for the initiation of several major weapon system programs aimed at providing a significant improvement in Navy and Air Force tactical strike capability. Examples of missiles under his responsibility were Condor, Maverick, Walleye, Shrike, Sparrow, Dog Fight Missile, Guided Bombs, Sidewinder, Standard Arm, and Chapparal. He has represented DDRE on various Service and JCS Committees on Air Defense (Army) and Tactical Air Defense. In addition, he was Executive Member and National Leader on multinational groups concerned with international cooperation in the field of tactical missiles. He represented the R&D office of the Defense Department as senior civilian in initiating joint programs with some of the NATO countries.

1961 to 1965—Aeronautic Division, Ford.

Mr. Lohr was head of a system design and advanced development group, where he was responsible for technical and administrative direction of development projects in missiles, lunar capsule instrumentation and re-entry vehicle penetration aids as well as managing advanced development on night vision and guidance and tracking systems for tactical missiles. He also directed new business activities, including product planning and proposal management for military, NASA and industry.

1958 to 1961—Space Technology Laboratories, TRW, Inc.

At STL, he was Assistant Head, Systems Engineering, and directed development on programs such as satellite borne tracking systems/instrumentation and surface-to-air and ballistic missile defense guidance systems studies. He was also Project Engineer responsible for technical direction of a multi-million dollar development, test and prototype program for an airborne infrared search and track system.

Examples of Advisory Board activities for U.S. Government.

President's Science Advisory Committee (PSAC):
- Air Traffic Control
- Non-Nuclear Capability for NATO war
- Military Aircraft Panel

Defense Science Board:
- Theatre Air Defense—NATO, 1986
- Use of Directed Energy Weapons on the Battlefield, 1985
- Air Defense in the Pacific Command, 1986
- Technology for Rapid Deployment Force, 1984
- Lessons Learned in Arab-Israel War, 1973
- PACOM Air Defense, on-going

Army Science Board:
- Detection of Soviet Theatre Nuclear Forces on the Battlefield, 1985
- Special Operations, 1985
- Optical Countermeasures, 1984
- Future Development Goals, 1983
- Peer Reviews of Laboratories, 1986
  - U.S. Army Missile Command
  - U.S. Army Aviation Laboratories
  - Engineering Topographic Laboratories
- Acquisition and Retention of Scientific and Engineering Personnel (military and civilian)—Chairman, 1983

Publications and speeches.

Characteristics of AM and FM Infrared Trackers, including Information Theory Consideration—1965.

Electronic Imaging Star Tracker—1965.

Statistical Communication Theory Applied to Random Cloud Backgrounds and Optical Information Processing—1964.

Master's Thesis: An Analytic and Experimental Study of Two-Dimensional Background Processes and Optical Information Processing.

The Outlook for Air-to Surface Missiles—Speech, AIAA—1967.

An Overview of Tactical Missiles—Speech, WINCON—1967.

The Impact of Future Tactical System Requirements on Technology—Speech, AIAA—1968.

An Overview of Guided Missile and Rocket Technology—Speech, ADPA—1972.

Improving the Nation's Air Traffic Control System—Panel Member, President's Science Advisory Committee—1974.

Technical and Operational Problems of Tactical Missiles in Armed Force Speech, ADPA—1976.

Panel Moderator on Tactical Missiles—Panel Members were Assistant Secretaries of Air Force, Navy, Army, and representatives of Service Laboratories.

Program Chairman, Non-NATO Contingencies, ADPA, Eglin Air Force Base—1981.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Milton L. Lohr in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Milton L. Lohr (mothers' name).
Milton Bernstein.

2. **Position to which nominated:**
Principal Deputy Under Secretary of Defense (Acquisition).

3. **Date of nomination:**
July 16, 1988.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
February 5, 1925, Revere, MA.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Married to Carolyn (Moore) Lohr.

7. **Names and ages of children:**
Richard A. Lohr, 28; Steven C. Lohr, 35; Randi A. Steinman, 38.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Fairfax High School, Los Angeles, CA, September 1939–June 1942, Diploma, June 1942.
University of Southern CA, September 1947–June 1949, B.E., June 1949.
University of California at Los Angeles, attended at several times during 1942–1943, 1946–1947, 1963–1964, M.S., June 1964.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
July 1987–Present, Defense Development Corp., La Jolla, CA, President.
January 1984–July 1987, Titan Systems, La Jolla, CA, Senior Vice President.
December 1982–January 1984, Defense Research Corp., La Jolla, CA, President (merged with Titan Systems in June.)
June 1970–January 1983, Flight Systems, Newport Beach, CA, Executive Vice President.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or portions with Federal, State, or local governments, other than those listed above.
Deputy Assistant Director for Tactical Ordnance and Missile Systems, 1965–1968.
Office of the Director of Defense Research and Engineering.
Defense Science Board (Associate Member).
Army Science Board.
President's Scientific Advisory Committee, Military Aircraft Panel.

Board of Visitors, University of California (Davis) School of Engineering.
Consultant to the Under Secretary of Defense (Acquisition), June 1988 to present.
Army Air Corps, World War II.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

President, Defense Development Corporation.
Member, Board of Visitors, University of California (Davis) School of Engineering.
Partner, Westover Apartments.
Member of Board of Directors, SYS.
Member of Board of Directors, Ceradyne Corp.
Member of Board of Directors, Engineering Technology, Inc.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Fairbanks Country Club.
University of Southern California Alumni Association—Life Member.
National Trust for Historic Preservation.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None since Summer 1983.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

A few contributions, approximately $100 each, to Republican Party organizations, and $100 to Senator Pete Wilson in 1988.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Department of Defense Meritorious Civilian Service Medal.
Secretary of the Army Certificate of Appreciation for Patriotic Civilian Service.
Various letters of appreciation from flag/general officers.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Various speeches and presented papers on tactical warfare as well as contributor as panel member to a range of Defense Science Board and Army Science Board reports.

President's Science Advisory Committee (PSAC)

Air Traffic Control.
Non-Nuclear Capability for NATO War.
Military Aircraft Panel.

Defense Science Board

Theatre Air Defense—NATO, 1986.
Use of Directed Energy Weapons on the Battlefield, 1985.
Technology for Rapid Deployment Force, 1984.
Lessons Learned in Arab-Israel War, 1973.
PACOM Air Defense, 1987.

Army Science Board

Detection of Soviet Theatre Nuclear Forces on the Battlefield, 1985.
Special Operations, 1985.
Optical Countermeasures, 1984.
Future Development Goals, 1983.
Peer Reviews of Laboratories, 1986:
  U.S. Army Missile Command.
  U.S. Army Aviation Laboratories
  Engineering Topographic Laboratories

Acquisition and Retention of Scientific and Engineering Personnel (military and civilian)—Chairman, 1983.

Other published writings and speeches

Characteristics of AM and FM Infrared Trackers, Including Information Theory Consideration, 1965.

Electronic Imaging Star Tracker, 1965.

Statistical Communication Theory Applied to Random Cloud Backgrounds and Optical Information Processing, 1964.

Masters Thesis: An Analytic and Experimental Study of Two-Dimensional Background Processes and Optical Information Processing.

The Outlook for Air-to-Surface Missiles—Speech, AIAA, 1967.

An Overview of Tactical Missiles—Speech, WINCON, 1967.

The Impact of Future Tactical System Requirements on Technology—Speech, AIAA, 1968.

An Overview of Guided Missile and Rocket Technology—Speech, ADPA, 1972.

Technical and Operational Problems of Tactical Missiles in Armed Forces—Speech, ADPA, 1976.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Recommendations were made to the Secretary of Defense as a result of my past experience in the defense industry and government, as well as contributions made to the Department of Defense due to my service on various panels of the Defense Science Board and the Army Science Board.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Approximately 35 years of experience in the defense industry encompassing the assessment of operational deficiencies, research and development, production, test, deployment, and evaluation of weapons in combat. Industry experience includes starting up of new companies as well as management of on-going operations from corporate officer to board director. Government experience within the office of the Secretary of Defense covered U.S. programs and initiatives in co-development and co-production with NATO. Also served on the Defense Science Board, Army Science Board, and Military Aircraft Panel of the President's Science Advisory Panel extending over a period of approximately 14 years.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Milton L. Lohr.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflict of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (included a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 4th day of August, 1988.

MILTON L. LOHR.

Senator BINGAMAN. Mr. Lohr, we will go ahead and hear any statement you want to make to the committee at this time.

STATEMENT OF MILTON L. LOHR, NOMINEE FOR DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Mr. LOHR. Mr. Chairman, members of the committee, I do not have a prepared statement. However, I would like to take this opportunity to thank you for taking your time during this busy cycle to hold this hearing.

I am extremely pleased that the President has nominated me for this position, and I would be happy to respond to any questions that you may have.

Senator BINGAMAN. Let me just ask several questions and then, since Senator Thurmond indicated that he has a few questions, I will defer to him.

You have had the opportunity to consult with the Under Secretary and you have had the opportunity to observe the operation of that office. What is your view of the need for a Deputy in that position and particularly a Deputy who is a Presidential appointee confirmed by the Senate?

Is that something that is important, or do you think that we have perhaps built in too many procedural steps?

Mr. LOHR. I think the action that you have taken in the past is one that I would recommend.

The position that Dr. Costello holds covers an extremely broad range of responsibilities including hardware development and acquisition policies, working with industry and international activities. They all require senior management with a combination of experience in each of those areas so they can be integrated and issues properly traded off when critical decisions are made.

I concur that the position of Deputy Under Secretary should be a Presidential nomination or appointment position. My experience so far in working with Dr. Costello the last few months demonstrates to me that, due to the broad scope of his job, he needs to offload some task oversight to better carry out some of his basic responsibilities.

Senator BINGAMAN. Based on your conversations with Dr. Costello, can you tell us which of the areas of his responsibilities are going to be offloaded on you or what your main focus of attention is going to be as you understand it?

Mr. LOHR. We have discussed this quite a bit. I would like to answer that in two parts.

First, we do not intend to add another management layer to the system. The reporting situation that exists today will continue in the areas that Dr. Costello and I have discussed so far. Second, what has evolved is a relationship in which I would take on the acquisition responsibilities that cover the international programs and the treaty compliance and verification issues. That is where we are at this point.

Other issues will surface periodically that Dr. Costello will ask me to oversee. These issues will evolve with time, but the international programs and treaty compliance areas have been discussed so far.

Senator BINGAMAN. I guess I am a little unclear. As you see it, do members of Dr. Costello's staff who are involved in those areas report to him through you? How do you interact in this process with those who are working on those kinds of issues?

Mr. LOHR. As I understand our agreement, he will delegate his authority to me to act for him in the international area and the treaty compliance activities in supporting the OSD policy responsibilities in those areas.

Senator BINGAMAN. So in those areas, you would expect his staff that works on those to report directly to you?

Mr. LOHR. Yes, sir.

Senator BINGAMAN. And then you would advise him.

As to other matters that are not in those three areas, what would you see your responsibility being, or would you really not see a role?

Mr. LOHR. My primary attention would be devoted initially to those two areas. Specific problems have come up in other areas where I could provide some help to him based on my past experience and understanding. We tend to work in a fairly complementary way.

Senator BINGAMAN. Let me ask, you have about 4 months left of this year—a little less than that, I guess, about 3½ months—are there some real specific priorities that you and Dr. Costello would have in this acquisition area that you think can be realistically achieved before the end of this year—at the end of this administration?

Mr. LOHR. We are attempting to set in place, either through directive form or blueprint form, some of the acquisition initiatives that Dr. Costello started approximately a year ago.

There will be a report coming forward to Congress sometime in November, documenting the work that has been completed and what remains to be done. Those initiatives include activities related to improving the production base and improving quality. I believe a list of those initiatives has been provided to the Senate.

In the international area where I am working, we are attempting to address the international acquisition activities from both an economic as well as a security standpoint, so that we have a better rationale for making more knowledgeable decisions in those areas.

Senator BINGAMAN. Let me ask about independent research and development. We had some discussions with the Secretary of Defense and Dr. Costello about that subject. My understanding is that IR&D has been significantly reduced during the Defense Resources Board deliberations on the fiscal year 1990 and 1991 and DOD budgets.

My question to you is whether this is a wise course. All the testimony we have received is that our technology base has eroded or is in danger of great difficulty. In light of that, it seems short sighted, to be cutting back on IR&D.

I would be interested in your comments and your point of view on that.

Mr. LOHR. There was a decrement made in IR&D funding. I was not part of the discussion that took place and the number, as I understand it, as reported in the press, was significantly greater than what it actually is.

However, if I could address my comments outside the budget cycle or process for a moment, I believe the IR&D is sort of a win-win situation for us.

The IR&D funding that industry utilizes is usually supplemented by their additional funds. I believe the Defense Department obtains a significant leverage out of the resulting activities.

In addition, the research is conducted by those who know their products best; how to improve them as well as extend them into new areas. So I have a strong personal opinion on the importance of IR&D. It is important to keep a substantial IR&D effort going, so whenever possible, I am a strong advocate to do so.

Senator BINGAMAN. My time has expired. Senator Thurmond, do you have some questions?

Senator THURMOND. Mr. Chairman, just a few. Mr. Lohr, how do you think you can spend the balance of 3½ months of this year in your new position? What do you feel is the most effective work you can do?

That does not mean that the President, whoever he is, will not consider you further, but as it stands now you have got 3½ months, I believe.

Mr. LOHR. In considering the position, I gave considerable thought to what I might be able to do in the time that we would have available.

Two areas that are significant are those that affect the industrial base we have in this country and the manufacturing modernization that we require. Those are the two initiatives we hope to try to emphasize and put some plans in place so that the next administration can continue on.

Senator THURMOND. Mr. Lohr, one of the responsibilities of your office, I believe, is verification of the INF Treaty, is it not?

Mr. LOHR. Yes, sir.

Senator THURMOND. Do you feel that the treaty can be verified and are you satisfied that we can detect violations of the treaty?

Mr. LOHR. I have not looked into all those aspects, Senator, but in discussing our verification capabilities with General LaJoie and the inspections we have had in this country as well as in Russia, I believe we are doing a fairly good job of it. General LaJoie seems quite satisfied that things are going fairly well.

Senator THURMOND. Mr. Lohr, are the verification procedures for INF satisfactory for a START agreement?

Mr. LOHR. The START agreement, with the brief exposure that I have had to it at this point in time, is much more complex.

The issue of suspect site inspection is being studied. I would be better prepared to come back and discuss this, if confirmed, with you in more detail.

Senator THURMOND. Mr. Lohr, have the Soviets taken any action since signing the INF Treaty that might indicate that they are not further complying with the terms of the treaty?

Mr. LOHR. That is one aspect, Senator, that I have not had the opportunity to get into at this point.

Senator THURMOND. Mr. Lohr, what is your opinion of the recommendations of the Packard Commission, and do you feel that these recommendations are being implemented?

Mr. LOHR. In a general sense, I concur with most of them. There have been, as you probably know, two or three or four that have been implemented.

Other recommendations are in the process of being implemented, and there are a number that have yet to receive enough emphasis, particularly those that impact on streamlining the acquisition process and improving the quality of the personnel that are active in this process.

For example, the utilization of the China Lake personnel system is one that I would support. I chaired an Army Science Board study devoted to the acquisition and retention of science and engineering personnel. While conducting that study, we talked to many of the technical directors and people around the country. I would definitely support this specific recommendation of the Packard Commission.

I know Dr. Costello plans to submit a report to the Senate which will include the status of the initiatives that he has underway and those that will be emphasized between now and the end of the administration.

Senator THURMOND. There has been some discussion about creating a civilian procurement organization within the Department of Defense that would replace the role of the military's department. What are your views on this?

Mr. LOHR. I feel we should be cautious about separating the military from the acquisition system. My experience in serving in OSD and DDR&E indicated that close coupling is required to monitor programs that are approved and developed to adjust for problems that may develop along the way.

If one were to start with a clean sheet of paper and decide what kind of system to have, one would note that the overall system and the interactions are very complex. It is a good example of a typical systems problem. But in my personal opinion, I support the retaining of the military coupling to the acquisition system.

Senator **Thurmond**. Thank you, very much, Mr. Lohr. Thank you, Mr. Chairman.

Senator **Bingaman**. Thank you, Senator Thurmond. Let me just interrupt the questions for a moment. Senator Wilson had asked to be allowed to say something on behalf of the nominee. Please go ahead, Senator Wilson.

Senator **Dixon**. The nominee was doing pretty well, Mr. Chairman.

Senator **Bingaman**. Thank you, but I do not want to jeopardize his chance.

Senator **Wilson**. Thank you, Mr. Chairman and my smart-mouthed friend from Illinois. I cleaned it up for the ladies in the audience. [Laughter.]

Mr. Chairman, I would have to agree with the observation of my friend from Illinois. I think that Mr. Lohr is doing very well. If the members have available to them, as I assume they do, the background on his education and the truly extensive experience that he has had, not only in providing leadership and ideas, but also in the software business, then I think they will be as impressed as I am.

I am also impressed by his experience on the Army Science Board, the Defense Science Board and the President's Science Advisory Council.

Some of the problems he has worked with have recently occupied our concerns. He mentioned a moment ago that, as a member of the Army Science Board, he wrestled with the problem of acquisition and retention of scientific and engineering personnel.

He has, in that same capacity as a member of the Army Science Board, been concerned with the detection of Soviet theater nuclear forces on the battlefield. And at the same time, as a member of the Defense Science Board, he was concerned with a non-nuclear capability for NATO in 1986.

He has had, in short, truly extensive experience that relates to both acquisition of weapons and personnel as well as their adaptation to new circumstances so that we can confront the military force readiness challenges of the future.

I note that he has benefited from an education that took him from the University of Southern California, across town, to its bitter rival, the University of California at Los Angeles, and has taken degrees from both of those institutions.

But I suspect that with all respect to those two fine institutions, what he has learned since, simply in acquiring and sharing some 33 years of experience and expertise in electronics and its civil and military applications, has prepared him to go back and teach at those two schools.

But I hope whatever ideas he may have about that will be delayed, because it seems to me that we very clearly need his practical experience and expertise. It seems to me that he is remarkably well equipped for what we all concede is a terribly challenging position.

This committee was intimately involved in the creation of this particular job and I think that we have a good understanding of what demands it makes.

I would conclude by observing the wisdom of my friend, Senator Dixon. I think that it is not simply a paper resume, but if you look at what this states in very brief fashion, Mr. Lohr has been involved in virtually, if not every aspect of technical problems that this committee has confronted. This committee can be expected to continue to confront those problems as we deal with the very challenging responsibility we have in terms of trying to stretch resources to meet our treaty responsibilities and our national security responsibilities.

So I am delighted that he has agreed to submit himself not just to the ordeal of confirmation but to the enormous challenge of this very difficult and all important job. Thank you, Mr. Chairman.

Senator BINGAMAN. Thank you. I gather Senator Nunn and Senator Dixon essentially arrived together. Senator Nunn, did you have some questions?

Chairman NUNN. I will yield to Senator Dixon if he would like to go ahead.

I just have a couple of questions Mr. Chairman. First, let me thank you for holding these hearings this morning. This is a very important position and frankly it should have been filled a long time ago. I regret that we were not able to get to it any quicker than we were, although we just received it right before the recess and we were not able to get to it until today.

It is a very important position and Mr. Lohr has a very good background for it. I do not know what the election holds, but it may very well be that 3½ months turns into a longer term for you, depending on a lot of events. You certainly have the background for this position.

Let me just ask a couple of questions. In the committee report accompanying the legislation establishing this position, we noted that the Deputy should serve as the Acting Under Secretary in the event of the Under Secretary's absence or unavailability. Have you discussed this with the Under Secretary and is it your understanding that if he is absent, that you will be designated Acting Under Secretary?

In other words, what is your understanding of the chain of command in the absence of your immediate superior?

Mr. LOHR. Yes, sir, Senator, we have discussed that. The relationship that we have established is that when he is out of the building, traveling or not available, then I act on his behalf.

Chairman NUNN. Does that mean that you will be Acting Under Secretary?

Mr. LOHR. Yes, sir.

Chairman NUNN. Clear line of authority and understanding on that point?

Mr. LOHR. Yes, sir.

Chairman NUNN. We have some people that are very concerned about the quantitative erosion of our industrial base as far as being able to produce large quantities in a wartime environment. There are increasing concerns being expressed about whether our industrial base is going to be sufficient to maintain our qualitative edge and lead.

Do you have any thoughts on that qualitative aspect of the industrial base? Are we seeing an erosion of America's industrial base for defense?

Mr. LOHR. I believe we are, Senator. There are two aspects that impact on that problem. One is the health of our technology base. The second is the health and growth of our manufacturing modernization facilities and processes. But if we can maintain our technology base through IR&D, through the technical base, 6.1, 6.2 funding, and encourage and motivate industry to keep basic technology work going, we will go a long way toward solving that problem.

The other problem that directly relates to the question that you raised is the impact on quality, and that is directly affected by the quality and technology that impacts on the manufacturing processes.

We have had a situation in this country where many manufacturers, because of the uncertainty of the programs that they have, are reluctant to invest large sums of money into modernizing their facilities. The result of that situation is that it affects the quality, it affects their efficiency and their ability to compete in the world market.

Dr. Costello and I and many of the staff have discussed this problem and are trying to establish some criteria and motivational guidelines and hopefully work with Congress in trying to set some initiatives in motion that will help that situation.

Chairman NUNN. I do not know how much you have gotten into the so-called "procurement scandal," as it has been labeled in recent months. Have you been involved in that at all?

Have you discussed the parameters of it and the implications of it as far as your job and as far as what it is going to take to straighten it out in the Department of Defense?

Mr. LOHR. I am not sure how to answer your question directly, Senator. I have been involved in listening to some of the discussions on the subject and some of the actions that might be taken based on the information that has been made available to the Department.

Chairman NUNN. Do you have any personal thoughts about things that could have been done to improve the atmosphere and the climate and reduce the tendency that these kind of events would occur? Do you have any of your own thoughts based on the industry and defense and so forth?

Mr. LOHR. There are two that would help in the near term. As a participant in many of the science boards, we were required to file or disclose those organizations in which we had a financial interest. When panels are selected or assembled, people who have any prior associations with companies that affect that particular issue are excluded from those panels. But in either case, each member of the board files a notice of disqualification that affects those organizations. Those who do consulting directly for the Government should be able to do that without any particular problem.

Speaking from my experience when I was in DDR&E a number of years ago, the major problem that occurred was that each time we had an opening in the budget cycle, particularly during June or July, when we had apportionment, it seemed like everybody came out of the woodwork. We had program managers, contractors, staff people, those who tried to increase their programs, those who tried to decrease it, and those who tried to leave it alone.

So we were subject to many forces trying to impact on the programs each time we got to a decision point where any program could be affected. With this in mind, I concur with the issue that the Secretary has raised in saying that it would be helpful to decrease the number of opportunities that people have to impact on programs.

Those are two thoughts that I have at this point. I would be happy, if I am confirmed, to come back and discuss that in more detail.

Chairman NUNN. How do you decrease those opportunities? What do you do?

Mr. LOHR. One of the ways may be to establish a little more program stability. Two year funding would help. Not as many decision points where programs come up for review and you can take 10 percent out of this one and add 10 percent to another one.

Some of those methods would help to decrease the availability to impact or try to make an impact on changing programs.

Chairman NUNN. Milestone authorizations might help also?

Mr. LOHR. Yes, sir.

Chairman NUNN. Thank you, very much, Mr. Chairman.

Senator BINGAMAN. Senator Dixon.

Senator DIXON. Thank you, Mr. Chairman. Mr. Lohr, I share the views of my colleagues about your excellent qualifications. I think you have the kind of background and experience that lends itself very favorably to the post that you are prepared to undertake.

I am delighted that my colleague, the chairman of this committee, asked you the question that I would have asked you—about the understanding that you and Dr. Costello have in the Department—and we are assured that you have the firm understanding that in his absence, you act in his capacity as the Acting Under Secretary in that department.

Mr. LOHR. Yes, sir.

Senator DIXON. I concur with your views about the question of civilian authority in the procurement process. I do not think that is the solution to the problem.

You are aware of what the French do in their procurement system, where they actually have a military branch of the service involved in procurement that has absolute authority over all the branches of the service. I do not think anything that extreme is a solution either.

But I think that some of us feel that direct line authority into the various branches of the service through the Office of the Under Secretary of Defense for Acquisition, sort of a procurement czar, if you will, with real strength and power to correct mistakes and direct the decision-making process would be a meaningful improvement.

How do you feel about that?

Mr. LOHR. In the short time that I have been working with Dr. Costello, I have observed his interface with the Service Acquisition Executives and the military. As the law provides, in matters of acquisition, he has authority over the service Secretaries.

Based on my short exposure, I believe that that aspect of it seems to be working all right.

Senator DIXON. Well, I would argue that it did not work too well in the beginning. Dr. Godwin, I suspect, resigned because it did not work well then, although I do have the sense that Dr. Costello has improved the relationship and has been able to prosper.

Mr. LOHR. I believe that is the case, Senator.

Senator DIXON. You are comfortable with that now?

Mr. LOHR. Yes, sir.

Senator DIXON. Do you feel that you have authority inside the separate branches of the service, real authority not just what is clearly the intention of the law?

Mr. LOHR. I would have to caveat that only on the basis of the relatively short experience or exposure I have had up to this point. Based on that exposure, I would say that that is the case, but it is a relatively short time to observe that.

Senator DIXON. All right. Would you, from time to time, share your views about that with members of this committee? If necessary, even in private conversations in our offices? Because I think there are a good many of us who clearly intend that you should have this power and who suspect that there will be a good deal of effort by the separate service Secretaries and others, at every opportunity, to prevent you from exercising that power.

Mr. LOHR. Yes, Senator, I would be delighted to.

Senator DIXON. Pursuing my question just a little farther, in talking about the so-called "procurement scandal," I think there again, some of us feel that if there is truly the kind of authority in the acquisition and procurement section of the Department of Defense, so that we can point to you and make you the focal point in the future, with respect to procurement authority and so forth, that that will, in time, mitigate this kind of experience. Do you share that view?

Mr. LOHR. I think it would probably help.

One of the areas that we did not touch on is ethics. I think that the attention paid to ethics by industry and people in the acquisition system would go a long way toward helping that process.

The industry currently devotes considerable effort to security. You walk around buildings and you see security posters and they have security briefings. If the ethics programs received an equal amount of attention, or close to it, that would greatly improve the awareness of things that one should do and should not do.

Senator DIXON. I would appreciate it if you would take a look at my bill, S. 2621, which covers a variety of areas including further strengthening your department and also suggests several methods for enforcing appropriate ethical conduct, both in the Department and in the defense industry. I would appreciate, at your leisure, your comments concerning that legislation.

Mr. LOHR. I would be happy to do that, Senator.

Senator DIXON. I, at the expense of sounding somewhat redundant at the close of remarks, would just want to say again that I know the distinguished chairman here in the room and in particular the Senator from Michigan, myself and others, as well as others on the other side of the table (the present candidate Vice President, who is absent I see, from our hearing this morning) have been involved for a long number of years in trying to further strengthen the procurement acquisition system in the DOD.

We urge you to understand that you have substantial support in this committee for the things that you want to do.

Mr. LOHR. Thank you, Senator.

Senator DIXON. I thank the Chair.

Senator BINGAMAN. Thank you, Senator Dixon. Senator Wilson, did you have any questions that you wanted to ask?

Senator WILSON. No, Mr. Chairman, I have not.

Senator BINGAMAN. Let me ask one final question. This relates to your responsibilities with the European or the international community.

As I understand it, plans by the European community to impose significant import fees on most defense equipment in 1992 are presently on the books. I also understand Secretary Carlucci has written a very strong letter of protest to the countries involved that we have a memorandum of understanding with, complaining about these planned import fees.

Do you have views on that that you could express to us here?

Mr. LOHR. We need to support our industrial base's participation in world competition. What specific actions we should take in addition to continuing to increase our efforts for cooperative programs is a question that we need to pursue. Outside of those general comments, I am not sure how I would address your question at this point.

Senator BINGAMAN. We appreciate your testimony and we will take action quickly here in the committee to approve your nomination and recommend the approval of it to the full Senate.

I wish you well in your new position.

Mr. LOHR. Thank you. If I may, as a parting comment, I would like to thank Senator Wilson for taking the time to introduce me to the committee. Thank you for the committee's time.

Senator BINGAMAN. Certainly. Thank you and thank you, Senator Wilson.

[Whereupon, at 11:13 a.m., the committee adjourned.]

[The nomination of Milton L. Lohr was reported to the Senate by Senator Nunn on September 29, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on September 30, 1988.]

NOMINATION OF KEN KRAMER TO BE ASSISTANT SECRETARY OF THE ARMY FOR FINANCIAL MANAGEMENT

FRIDAY, SEPTEMBER 23, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., in room SR-222, Russell Senate Office Building, Senator Carl Levin presiding.

Present: Senators Levin, Dixon, Wirth, Shelby and Thurmond.

Other Senators present: Senator Armstrong.

Staff present: Romie L. Brownlee, deputy staff director for the minority; Andrew S. Effron, general counsel; Richard D. Finn, Jr., and George K. Johnson, Jr., professional staff members; Barbara L. Braucht, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; Phillip P. Upschulte, assistant to Senator Glenn; and Terrence M. Lynch, assistant to Senator Shelby.

OPENING STATEMENT BY SENATOR CARL LEVIN, PRESIDING

Senator **LEVIN**. The committee will come to order. We are here this morning to consider the nomination of Ken Kramer to be Assistant Secretary of the Army for Financial Management. We are delighted to have both of our colleagues from Colorado this morning, Bill Armstrong and Tim Wirth. Would you like to say a word in introduction of the candidate?

STATEMENT OF HON. WILLIAM L. ARMSTRONG, U.S. SENATOR FROM COLORADO

Senator **ARMSTRONG**. Mr. Chairman, I would certainly like to say a word, but before I do, may I make a special point of expressing my appreciation to you for scheduling this hearing. This is a busy time of the session and I know there is lots going on, but I am grateful to you for doing it.

I think it is good for the Army, I think it is good for the country and I am grateful because Ken Kramer is a special friend of mine and I am glad to have him have his chance to have this hearing.

Mr. Chairman, in light of the time, I am not going to make a lengthy statement, but I would like to say a few words of introduction.

I have known Ken for approximately 20 years. He has served the people of our State with distinction as a member of the staff of the District Attorney in El Paso County, which is Colorado Springs, CO.

He was elected by heavy margins to the State Legislature and served there with distinction. When I was a Member of Congress in the Fifth Congressional District and left that service to come to the Senate, Ken aspired to, ran for and was elected and re-elected to the U.S. House of Representatives from Colorado's Fifth Congressional District.

He was, while a Member of the House, a member of the Education and Labor Committee and, more perhaps to the point of his nomination today, he served with great distinction and vigor and ingenuity and creativity and faithfulness as a member of the House Armed Services Committee. For that reason, he brings a lot of expertise to the task.

I would also want to report, Mr. Chairman, that in addition to just fulfilling the duties and responsibilities as a Member of Congress and a member of that committee, Ken has had a tremendous range of experience and interest in military affairs that are above and beyond the call of duty, but which arise from his residence in Colorado Springs which, as I communicated, has a great tradition of interest and concern for the military.

Mr. Chairman, I do have a statement that I ask be incorporated in the record, but let me sum it up in this way. I cannot think of anybody who the President could have called upon that would be better qualified by education, experience, interest, energy, vitality, desire, and patriotism to serve as Assistant Secretary of the Army for Financial Management than Ken Kramer.

So I hope, after having an opportunity to meet him and get acquainted this morning, that the committee will be disposed to report his nomination and that he will be promptly confirmed.

[The prepared statement of Senator Armstrong follows:]

Prepared Statement of Senator William L. Armstrong

Mr. Chairman, I am delighted to be able to appear here today on behalf of my good friend and former colleague, Ken Kramer, who has been nominated by the President to be Assistant Secretary of the Army for Financial Management.

I have known Ken Kramer for many years, and I commend the President for the wisdom of it. I encourage the Senate to grant its consent forthwith.

Ken was born in Chicago during World War II and graduated from the University of Illinois in 1963. He went on to earn a law degree from Harvard Law School in 1966, then served a hitch in the United States Army from 1967 to 1970. He then settled in Colorado Springs, Colorado and became the Deputy District Attorney for the 4th Judicial District in El Paso County. He attracted much local attention for his dedication and hard work in this capacity.

He entered private law practice in Colorado Springs in 1972 and continued to be very active in civic, community and political affairs. He was elected to the Colorado House of Representatives in 1972 and was twice re-elected by his constituents in Colorado Springs.

In the Colorado Legislature, Ken earned a solid reputation for hard work and for dedication to principle. He worked hard to force the State government to run efficiently, and to live within its means. He worked at limiting overzealous regulations, and has had the satisfaction since then of seeing many of his ideas accepted by mainstream America.

In 1978 Ken Kramer was elected to my old seat in the U.S. House of Representatives, the 5th Congressional District. Although the lines were changed by the 1982 reapportionment, he continued to be elected by huge majorities in each election from 1978 to 1984. He is among our State's most popular and enduring political figures.

While serving in the House, Ken was a member of the Education and Labor Committee, where he was always in a small minority but never wavered from his principled stands, and never shied away from a battle on issues about which he felt strongly. He also served on the powerful Armed Services Committee, including the Subcommittee of Military Installations and Facilities and the Subcommittee on Procurement and Military Nuclear Systems. His voice in these areas was especially important to his district, which includes Fort Carson, Peterson Air Force Base, the NORAD complex, the United States Air Force Academy, and the Consolidated Space Operations Command. Ken was instrumental in making Colorado Springs the space defense capital of America.

He gained a reputation for an expertise in defense issues which makes him especially well suited to this particular appointment. He always fought hard to limit spending to areas where it was absolutely essential, while believing deeply in the importance of a strong national defense.

Mr. Chairman, I am pleased to recommend Ken Kramer to this committee as one of the most intelligent and hard working men in government. He has been serving in the office to which he is nominated on an acting basis for some time now, and has already made clear his intention to manage the fiscal resources of the Army in an efficient, capable, and honest manner. Such commitment has never been more important than it is today, and I am convinced that Ken Kramer is the right man for the job.

I urge the committee to move swiftly to confirm this appointment. Thank you.

Senator LEVIN. Thank you.

Senator WIRTH. I would add my thanks to those of Senator Armstrong for having this hearing at such a busy time. Now that we have got the authorization bill sorted out and that is working its way through, we appreciate your scheduling this right away.

I, too, have known Ken Kramer for a long time. In fact, we got to know each other a little bit better than either of us thought we ever would, a couple of years ago, and I can tell you I have enormous respect, not only for Ken's ability but his remarkable tenacity. That will be applied to this assignment, in the Department of Defense and the Department of the Army.

Colorado Springs is known as a Air Force area particularly, but let us not leave aside that this is also a concentration of extra capability of the U.S. Army, with which Ken became familiar, representing that area and representing Fort Carson, the home of the 4th Infantry Division.

In that area, as well as his expertise on the House Armed Services Committee, Ken comes to this assignment very well prepared. So, I am very pleased to be here with my senior colleague, Senator Armstrong, in supporting Senator Armstrong's approach to this. I agree completely that Ken ought to be confirmed and we ought to move this as rapidly as we possibly can.

Once again, I thank you very much, and Ken, we are delighted to have you here and we look forward to working with you in the near future.

Senator LEVIN. Thank you, Senator Wirth. Mr. Kramer, it speaks well of you, obviously, that both of these Senators are here plugging away for you and have indeed urged that this hearing be expeditiously held. That is as eloquent a bit of testimony as you could possibly have.

My statement will be inserted in the record and we will save time by not giving it at this point, and we will turn it directly over to you and see if you have an opening statement. I also have a statement by Senator Dixon that will be included in the record.

[The prepared statements of Senator Levin and Senator Dixon follow:]

PREPARED STATEMENT FOR SENATOR CARL LEVIN

This morning the Committee on Armed Services meets to consider the nomination of Mr. Kenneth B. Kramer to the position of the Assistant Secretary of the Army for Financial Management. Mr. Kramer is well known on Capitol Hill, having served in the House of Representatives from 1980 until 1987.

Mr. Kramer first served his country, however, in the United States Army. Mr. Kramer was a distinguished Military Graduate from the Reserve Officer Training Candidate program and served as a Captain in the United States Army as a lawyer in the Army's Judge Advocate Corps from January 1967 until March 1970.

After leaving the Army, Mr. Kramer served as the Deputy District Attorney in the El Paso County District Attorney's office. In 1973 Mr. Kramer served as a member of the Colorado State House of Representatives until his election to the United States House of Representatives in 1979.

Currently Mr. Kramer is the Vice President for Governmental Affairs and Economic Development for Aries Properties, Incorporated, which is a large Colorado Springs development company.

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today's hearing is on the nomination of Mr. Ken Kramer to be Assistant Secretary of the Army for financial management.

Mr. Kramer's background indicates that he should do a professional job in the time remaining for this administration. The Army, as well as all the services, are facing a period of declining budgets, and I am sure that Mr. Kramer will be working very closely with Secretary Marsh in establishing the spending priorities of the Army.

Thank you, Mr. Chairman.

[The nomination reference of Mr. Kramer follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
June 14, 1988.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Ken Kramer, of Colorado, to be an Assistant Secretary of the Army, vice Michael P.W. Stone.

[The biographical sketch of Mr. Kramer, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF KENNETH B. KRAMER

On the 14th of June 1988 the Presidential nomination of Mr. Kenneth B. Kramer to the position of Assistant Secretary of the Army [Financial Management] was submitted to the U.S. Congress.

Mr. Kramer first served his country as a Captain in United States Army Judge Advocate General's Corps during the period January 1967 to March 1970. An ROTC Distinguished Military Graduate, Mr. Kramer served in a wide range of legal positions which included prosecution, defense and military administrative law.

Not long after leaving the U.S. Army he became a Deputy District Attorney in the El Paso County District Attorney's office. From 1973 to 1978, in addition to his legal practice, Mr. Kramer served as a member of the Colorado State House of Representatives where he chaired the House Rules Committee and was a member of the Judiciary, Business Affairs, Education, Finance and Health Committees.

In 1979, Mr. Kramer was elected to the United States House of Representatives from the Fifth Congressional District of Colorado, serving until 1987. His committee memberships included service on the House Armed Services Committee.

In 1987 Mr. Kramer assumed the position of Vice President for a major Colorado Springs development company, Aries Properties, Inc., where he was involved in governmental affairs and economic development.

Mr. Kramer received a B.A., Magna Cum Laude, from the University of Illinois and his J.D. from the Harvard Law School in 1966. Mr. Kramer has two children, Kenny and Kelly.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Kenneth Kramer in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Kenneth Bentley Kramer.

2. **Position to which nominated:**
Assistant Secretary of the Army (Financial Management).

3. **Date of nomination:**
June 14, 1988.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
Place: Chicago, Illinois.
Date: February 19, 1942.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Divorced.

7. **Names and ages of children:**
Kenneth Bentley Kramer, Jr., 18; Kelly Jennifer Kramer, 16.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Harvard Law School, Cambridge, MA, September 1963, June 1966, JD.
University of Illinois, Champaign, IL, September 1960, June 1963, BA.
Grinnell College, Grinnell, Iowa, September 1959, June 1960.
Niles Township H. S., Skokie, IL, November 1956, June 1959, Diploma.
Hirsch H. S., Chicago, IL, February 1955, November 1956.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

March 1987—November 1987, Aries Properties, Inc., 111 S. Tejon, Colorado Springs, CO, Vice President.

January 1979—January 1987, U.S. House of Representatives, Washington, DC, U.S. Representative.

September 1973—December 1978, State Representative, Denver, CO, State Representative.

January 1975—December 1978, Floyd, Kramer & Lambrecht, 3 S. Tejon, Colorado Springs, CO, Partner—Lawyer.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

April 1988—present, Consultant, Secretary of the Army.
1979-1986, Board of Visitors, United States Air Force Academy.
1967-1970, Captain, U.S. Army, JAGC.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Partner—Dublin Academy Join Venture, Colorado Springs, CO.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Vice Chairman and Director, U.S. Space Foundation, Colorado Springs, CO.
Director, American Security Council Foundation, Boston, VA.
American, Colorado and El Paso County Bar Associations.
Garden of Gods Club.
Washington Ski Club.
Pentagon Officers Athletic Club.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

Have been a candidate for Colorado State Representative, U.S. Congress and U.S. Senate and have been a Young Republican County Chair.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

During the last 5 years, I have been active with the Republican Party as a candidate, officeholder, and party member. I have been a Vice-Chair of both the National Republican Congressional Committee and the Republican Study Committee. I am a Colorado co-chair for George Bush.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Ken Kramer 1986, approximately $300.00.
Don Ritter Congressional Committee, $100.00.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

University of Illinois—Magna Cum Laude, Phi Beta Kappa, Distinguished ROTC Military Graduate.
Who's Who in America.
Who's Who in Government.
Who's Who in the West.
Who's Who in Colorado.
Outstanding Young Men in America.
Distinguished Americans.
Taxpayers Best Friend, National Taxpayers Union.
Guardian of Small Business, National Federation of Independent Business.
Watchdog of the Treasury, National Associated Business, Inc.
Distinguished Service Award, Production Credit Association.
Distinguished Service Award, Americans for Constitutional Action.
Distinguished Service Award, Colorado Air Force Association.
Medal of Merit, Colorado Air Force Association.
Congressional Award of Merit, National Coordinating Council on Emergency Management.

Legislative Award for Outstanding Service, Coalition for Peace through Strength.
Distinguished Service Award, Colorado Springs Chamber of Commerce.
Honorary Member, Rotary Club of Colorado Springs.
Honorary Member, Tri-Lakes Chamber of Commerce.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

During my service in Congress, I had many articles published in newspapers and magazines and several in books. To the extent that these can be located, they have been given to the Pioneer Museum in Colorado Springs, Colorado.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

During the last 5 years, I gave many speeches on national defense. Those that were formalized in writing were also given to the Pioneer Museum.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Since I left Congress, I periodicially expressed an interest in serving in the executive branch, especially in the national defense area.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Legal Background. Member of the House Armed Services Committee for 6 years. Founder of and present Vice Chairman and Director of the U.S. Space Foundation. ROTC Distinguished Military Graduate and 3 years 3 mos. active duty as Army Captain.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Kenneth Bentley Kramer.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with you nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

KEN KRAMER.

This 23rd day of June, 1988.

STATEMENT OF KEN KRAMER, NOMINEE FOR ASSISTANT SECRETARY OF THE ARMY FOR FINANCIAL MANAGEMENT

Mr. **KRAMER**. I do not have a prepared statement. I would like to make several brief remarks if I might, and very much appreciate the kind introductions by Senators Armstrong and Wirth and the kind things they said about me.

I would be much better disposed, I think, probably not to do anything that might set a contrary impression with the committee, so I will not say very much.

I am very appreciative of Senator Thurmond and Senator Dixon taking time out of their busy schedule and I am especially appreciative of you, Mr. Chairman, for calling this hearing in the waning days of the 100th Congress when there are so many important things pending on the agenda.

I appreciate Senator Shelby coming in, also. We served together in the House of Representatives and I have an extraordinarily high opinion of his ability.

I would only say that I am delighted and privileged to be nominated for this position and that I hope to be able to make a contribution toward making the Army a better institution and to make a contribution to our national defense.

I would be happy to answer any questions that you or other members of the committee might have.

Senator **LEVIN**. Thank you, Mr. Kramer. I neglected to ask my colleagues if they might have an opening statement.

Senator Thurmond, did you have an opening statement?

Senator **THURMOND**. I do not have any opening statement, and the only thing I would say is I have known Congressman Kramer for a number of years. I met with him. He was a member, as he said, of the Armed Services Committee. We met together in conference.

He is a man with a fine reputation, a man of ability, a man of character, a man of integrity and I am very pleased that his name has been submitted here. I would be honored to vote for him.

Senator **LEVIN**. Senator Dixon, did you have an opening statement?

Senator **DIXON**. Mr. Chairman, I have already placed my statement in the record, but I want to say that Congressman Ken Kramer's excellent reputation has proceeded him and I am delighted to indicate my support and will vote for his confirmation.

Senator **LEVIN**. Senator Shelby.

Senator **SHELBY**. I just want to add my support to Ken Kramer. We came to the House together, we served in the House four terms. He served his State and his Nation well and I am behind his nomination. I think the sooner we can get it out the better, and he will continue to serve us well.

Senator LEVIN. Thank you, Senator Shelby. I will lead off with a few questions.

Your background is mainly congressional, legal, political. Tell us a bit about your financial management philosophy.

Mr. KRAMER. Well, I am getting a tremendous opportunity for on the job training, and for one who has not traditionally always had a checkbook that balanced at the end of the month, I have had to put in a lot of extra time and effort to try to get up to speed but I have had some extraordinarily good help and counsel within the Army staff and members of our financial management community.

Clearly one of the things that I was most interested in as a Congressman was fiscal responsibility and a Government that lives within its means. Hopefully I will be able to bring the same philosophy to bear to my responsibilities with the Army.

We are going to be living in a time of continually constrained resources and it is imperative that the Army, as well as the other services, are able to get every last measure of impact from every dollar that is expended. I hope to be able to make a contribution in that regard and that will be the philosophy with which I will go about fulfilling my responsibilities, if indeed I am confirmed.

Senator LEVIN. In a recent hearing before this committee, Dave Packard noted the following. He said the services, "still planned to have three or four chains of command involved in each of the services' acquisition organizations which is manifestly absurd."

I wonder if you would comment on that?

Mr. KRAMER. Mr. Packard, of course, has a large employment presence in my former congressional district and I hold him in the highest esteem. As a financial manager, of course, I am obviously to be concerned with everything that goes on in the Army budget, including the acquisition process.

Although I am not specifically in the acquisition chain as a financial manager other than budgeting for systems and also providing independent cost analysis on systems and force structure, nevertheless, I have had an opportunity to observe the process to some extent and have a personal interest in it.

Unquestionably, I think the challenge of procurement reform is one of the great challenges that the services are going to have to face.

I am concerned about the length of time that it takes to field systems. Clearly the 10- to 15-year profile with which we have been wrestling over the last several decades is unacceptable as a permanent matter.

There is no question that the acquisition process is encumbered by a great deal of bureaucracy. You do not have to be in the building a long period of time to recognize that. Some of that is good in the sense that decisions that might be made that are not well thought out won't be because so many people have touched the process.

But that can be pushed to the point where it can become a disservice rather than a service, because often things get so caught up in the bureaucratic process that no decision is forth coming or a decision is made and then unmade and then remade in a way that you would barely recognize it from the original decision.

It is something that I hope to be able to become increasingly involved in and it is a system that is touched by many people. Hopefully we will be able to make a contribution in terms of making it a more efficient and streamlined process than we have today.

I think some tremendous progress has been made with the wisdom of the Congress in creating an aquisition executive, an Under Secretary with that specific responsibility to try and streamline the system from a top down perspective, but clearly there are many more things that need to be done.

The one thing that I hope will not happen is that we will wind up with a PM/PEO system that reports to (in our case, the Under Secretary—each service has its own Acquisition Executive) the Service Acquisition Executive—that is designed to streamline the process and not have so many hands touch it without, and have the process that pre-existed not swept into the new organizational structure.

I think that is something that we must continually be diligent about.

Senator LEVIN. It would appear that there is some overlap between the duties that are assigned to the Assistant Secretary of the Army for Research, Development and Acquisition and the Assistant Secretary for Financial Management.

Will you take a look at the relationship between those two Assistant Secretaries and report back to us within 60 days as to how the lines of responsibility can be simplified over acquisition programs?

Mr. KRAMER. Yes, Mr. Chairman, I would be delighted to do that, and I will make it a point to get with your staff members as soon as possible and go over some of the specific concerns that you have in that regard and then get back and specifically address them to your satisfaction.

Senator LEVIN. OK, that is all I have. Do you have anything you want to add?

Mr. KRAMER. No. I am again very appreciative of you holding the hearing and look forward, if confirmed, to the opportunity and challenge of working with you.

Senator LEVIN. We are going to have to get some written answers from you in executive session or by letter on a couple of matters which are properly handled in executive session. They are probably routine, but we handle certain matters of this type involving financial relationships in executive session. It is not anything in particular relating to you, that process, it is just the process we use.

Our staff will meet with you immediately and show you what the questions are that we need some information on and you can provide that to us by letter. Instead of going into an executive session now we will do it the other way, because I have to leave for another meeting.

It should not delay it at all. You can probably get us this information today.

Mr. KRAMER. Fine.

Senator LEVIN. If there is nothing else, we will stand adjourned.

[Whereupon, at 10:20 a.m., the committee was adjourned.]

[The nomination of Ken Kramer was reported to the Senate by Senator Wirth on October 12, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 14, 1988.]

NOMINATION OF CLYDE O. GLAISTER TO BE COMPTROLLER OF THE DEPARTMENT OF DEFENSE

TUESDAY, OCTOBER 4, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:05 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Warner, Thurmond, and Symms.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Andrew S. Effron, general counsel; Patrick A. Tucker, minority counsel; John J. Hamre, George K. Johnson, Jr., James R. Locher III, David S. Lyles, Michael J. McCord, Ann Elise Sauer, professional staff members; Barbara L. Braucht, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Donald A. Mitchell, assistant to Senator Glenn; James M. Bodner, assistant to Senator Cohen; Christopher Mellon, assistant to Senator Cohen; Mark J. Albrecht, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The hearing will come to order. The committee meets this morning to consider the nomination of Mr. Clyde O. Glaister to be the Comptroller of the Department of Defense.

The Defense Department Comptroller is the senior financial officer of the largest department of the Federal Government. In consideration of the Goldwater Nichols Defense Reorganization Act, it was my amendment that retained the statutory requirement for this position. We did not require that the Comptroller also be an Assistant Secretary of Defense as a matter of law, although we suggested that the President could designate the position as an Assistant Secretary of Defense.

At the time, the Defense Department assured us that the Comptroller was such a key position that it would always be designated as an Assistant Secretary of Defense, but they have short memories because Mr. Glaister has been nominated as Comptroller but not as Assistant Secretary of Defense at this point.

The designation, however, does not change our committee's view that this is one of the most important positions in the senior leadership of the Defense Department. Over the next several months the Comptroller will be the point man in the tough job of putting 100 pounds of fertilizer into a 50-pound sack. I think that is going to be the challenge.

The last complete 5-Year Defense Program was prepared in September, 1986, under Secretary Weinberger. This plan was not in tune with what has emerged as fiscal reality, and it will now have to be reduced, I am informed—and I want to ask our witness about this this morning and get his figures—by $200 to $250 billion just to reach the 5-year fiscal targets of President Reagan's fiscal year 1989 budget as it emerged from the Summit.

The bad news does not end there. The fiscal year 1989 budget assumed 2 percent real growth in Defense budget authority after fiscal year 1989. All of us looking at the budget figures today believe that would be a very best case kind of analysis, and that the 2 percent real growth in Defense authority is going to be very tough to obtain.

It is also going to be very tough to meet the Gramm-Rudman targets by any President who puts 2 percent real growth in defense. So there is a real squeeze here and some very tough choices that are going to have to be made in the next administration.

I should also point out that just meeting the zero real growth defense spending policies, which both Presidential candidates have now endorsed, will reduce the out-years of the fiscal year 1989 defense budget by another $75 billion over the next 5 years.

Again, I would ask the witness to make a note and give us his figures if they differ from these in any respect.

This budget squeeze is compounded by two serious problems. The first is the bow wave of new major weapon systems that are planned for procurement in the 1990s which are in the 5-Year Defense Program. There is simply not going to be enough money in the next 5 years to accommodate all the major new defense programs currently in the development stage or just entering production.

The second problem is what some are beginning to call the stern wave, the increases in operating support cost needed to maintain the hardware ordered and paid for during the early 1980s. Procurement more than doubled in real terms from fiscal year 1980 to 1985.

Even though it has fallen since then, the weapons ordered during the build-up are still being delivered and these weapons must be maintained. So it is going to be tough choices time for the Defense Department in the next couple of years.

Very few senior political appointees at the end of an administration have to face the challenges that Mr. Glaister will confront if confirmed. The 2 year fiscal year 1990 and 1991 defense budget that the Department proposes over the next 3 months is not just the last Reagan defense budget. In a large measure it will also be the baseline for the defense budget of the new administration that takes office in January. Regardless of who wins the election, they will be measured from this baseline.

Mr. Glaister brings an impressive background of financial management to this appointment. He began his career with the Defense Department 34 years ago as a GS–4. Is that correct?

Mr. **Glaister**. Yes sir.

Chairman **Nunn**. And has risen steadily through the ranks of the Federal Civil Service. Over the last 5 years Mr. Glaister was the second highest recipient of bonuses and rank award in the entire Federal Government.

His nomination as Comptroller of the Defense Department should be an inspiration to all of the GS-5 budget analysts and auditors beginning their career in the Civil Service, as well as an inspiration to many others.

We have some important issues to discuss with Mr. Glaister this morning. Among others beyond what I have already mentioned, I want to get your views on the Defense Department's compliance with section 1203 of the fiscal year 1988-89 Defense Authorization Act which requires the Defense Department to submit the 5-Year Defense Program to Congress.

I understand Senator Warner has invited Senator Weicker to be here this morning, and I am delighted he did that because Senator Weicker was the sponsor of that amendment and we do want to ask you some questions about that.

I also would like to get your views on how the Department can best—what are the options at least in coping with the budget squeeze that we all know is coming.

Before we get into questions—you have two daughters here this morning?

Mr. **Glaister**. Yes, sir.

Chairman **Nunn**. Dana and Diana. We are delighted to have both of you here this morning. I know you are proud of your father.

[The nomination reference of Mr. Glaister follows:]

NOMINATION REFERENCE

As in Executive Session,
Senate of the United States,
September 22, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Clyde O. Glaister, of Virginia, to be Comptroller of the Department of Defense. (New Position-P.L. 99-433)

[The biographical sketch of Clyde O. Glaister, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF CLYDE O. GLAISTER, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Mr. Clyde O. Glaister, a native of New Kensington, Pennsylvania, was born on April 6, 1935. He attended public schools in Vandergrift, Pennsylvania and LaSalle and American Universities.

Mr. Glaister was appointed Deputy Assistant Secretary (Program/Budget) on October 4, 1981 and Principal Deputy Assistant Secretary of Defense (Comptroller) on January 3, 1988.

Mr. Glaister has been a principal contributor in accomplishing the President's goal of rebuilding the U.S. national security program.

He:

Serves as the Principal Deputy and, in the absence of the Comptroller, serves as acting Comptroller.

Organizes, directs and supervises the Assistant Secretary's staff in accomplishing day to day business allowing him to concentrate on the priorities of the Secretary and Deputy Secretary of Defense.

He is also responsible for directing and supervising:

The Planning, Programing and Budgeting System of the Department of Defense.

The formulation, management and execution of the budget of the Department of Defense.

The establishment of budgetary policies, systems and procedures.

The development of financing policy within the Department of Defense.

Mr. Glaister is married to the former Carole Sue Main of Upper Sandusky, Ohio. They have two daughters; Dana, a CPA with Peat, Marwick, Mitchell and Co., and Diana, a Financial Management Intern with the Navy Department.

Additional background information on military service, awards and bonuses, and employment history are attached.

Military Service Record: United States Air Force Reserve (enlisted) Sept 57–Mar 63

Awards and Bonuses:

Bonus, 1981, 5,512.

Bonus, 1982, 11,115.

Presidential Meritorious Rank, 1983, 10,000.

Bonus, 1984, 8,000.

Bonus, 1985, 10,000.

Presidential Distinguished Rank, 1986, 20,000

Bonus, 1987, 10,000

Bonus recommendation, 1988

(For the 5-year period 1983–1987 I was the second highest recipient of bonuses and rank awards in the federal government.)

Department of Defense Meritorious Service Medal—1979.

Bronze Palm to the Meritorious Service Medal—1981.

Department of Defense Distinguished Service Medal—1987.

Chronology of previous positions (total of 34 years service with DOD).

January 1988–present, Principal Deputy Assistant Secretary of Defense (Comptroller), SES–06.

October 1981–January 1988, Deputy Assistant Secretary of Defense (Program/Budget), SES–04 and 05.

December 1976–October 1981, Director, Program & Financial Control, SES–04.

September 1974–December 1976, Deputy Director, Program & Financial Control, SES–04.

July 1966–September 1974, Budget/Program Analyst positions, GS–14 & 15.

September 1962–July 1966, Computer Systems Specialist positions, GS–11–13.

June 1954–September 1962, Administrative and Staff Assistant positions, GS–4–9.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Clyde Glaister in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Clyde Oliver Glaister.

2. **Position to which nominated:**
Assistant Secretary of Defense (Comptroller).

3. **Date of nomination:**
September 22, 1988.

4. **Address** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
April 6, 1935, Kinlock, Pennsylvania.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married, Carole Sue Main Glaister.

7. **Names and ages of children:**
Dana L. Glaister, age 26; Diana L. Glaister, age 22.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Vandergrift High School, 1949-1953.
LaSalle Extension University, 1953-1954, no degrees.
American University Continuing Education Program, 1967-1968, no degrees.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
January 1988-present—Principal Deputy Assistant Secretary of Defense (Comptroller), SES-06.
October 1981-January 1988—Deputy Assistant Secretary of Defense (Program/Budget), SES-04, 05, 06.
December 1976-October 1981—Director, Program & Financial Control, SES-04
September 1974-December 1976—Deputy Director, Program & Financial Control, SES-04.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
34 years in the Department of Defense as a career public servant.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Vice President for Office of the Secretary of Defense, American Society of Military Comptrollers.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Bonus-1981, 5,512.
Bonus-1982, 11,115.
Presidential Meritorious Rank-1983, 10,000.
Bonus-1984, 8,000.
Bonus-1985, 10,000.
Presidential Distinguished Rank-1986, 20,000.
Bonus-1987, 10,000.
Bonus Recommendation-1988.

(For the 5-year period 1983-1987 I was the second highest recipient of bonuses and rank awards in the federal government.)

Department of Defense Meritorious Service Medal-1979.
Bronze Palm to the Meritorious Service Medal-1981.
Department of Defense Distinguished Service Medal-1987.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

I do lectures on the budget. utilizing prepared graphs, usually the same as those presented to the DOD oversight committees. Formal written text has not been used.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

The Department is faced with the formidable task of preparing a biennial budget for fiscal year 1990/91 and a 5-Year Defense Program (FYDP) for fiscal year 1990-94. Both the budget and the FYDP are output products of the DOD Planning, Programming and Budgeting System (PPBS). I have worked directly with the PPBS since its introduction to DOD in 1961. As the Deputy Assistant Secretary of Defense (Program/Budget) from 1981-1987 and as the Principal Deputy Assistant Secretary (Comptroller) since January 1988 I have been responsible for much of the PPBS system and for assisting in the development of the budget and FYDP within the PPBS discipline.

The Secretary and Deputy Secretary know they can rely upon me to assist them in the development of and presentation to the Congress of a biennial budget as well as the development of the Five Year Defense Program. Without a comptroller they would be significantly handicapped in meeting these two critically important requirements. I feel certain this was the principal reason the President and the Secretary of Defense submitted the nomination.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

The Assistant Secretary of Defense (Comptroller) has three primary functional responsibilities.

1. Planning, Programing and Budgeting (PPBS)—I have served as the Deputy Assistant Secretary of Defense (Program/Budget) from October 1981 until December 1987 and as the Principal Deputy Assistant Secretary (Comptroller) since January 1988. I have assisted the Secretary and Deputy Secretary in formulating the DOD budget and was personally responsible for implementing biennial budgeting within

DOD. The fiscal year 1988–1989 biennial budget was the first of its kind in Federal budgeting. The chairman of the Senate Armed Services Committee was pleased with the results and extended his compliments to the Secretary of Defense for an outstanding effort.

2. Accountability—Accounting policy and accounting results cannot be separated from budgeting. The prior year of any Presidential budget submission to Congress must reflect the accountability of previously enacted appropriations. I am thoroughly experienced in all aspects of accountability and administrative control of appropriated funds.

3. Information Resource Management (IRM)—I spent many years of my middle management career in the IRM discipline. I was responsible for the design, development, implementation and operation of many financial systems. I am experienced in and familiar with the DOD Major Automated Information Systems Review Council, the senior decision body which approves/disapproves automated information systems throughout DOD.

In summary, I have been preparing myself for Comptroller positions throughout my career, most particulary the past 10 years. I'm confident I could serve well in this capacity and be responsive both to the administration and to the Congress.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

NAME: Clyde Oliver Glaister.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associatons or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consulant), with or without compensation, a for-

eign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of you or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employees, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

CLYDE OLIVER GLAISTER.

This 23d day of September, 1988.

Chairman NUNN. Mr. Glaister, do you have any opening statements you would like to make this morning?

STATEMENT OF CLYDE O. GLAISTER, NOMINATED TO BE COMPTROLLER OF THE DEPARTMENT OF DEFENSE

Mr. GLAISTER. Yes sir, I do. Mr. Chairman, first I would like to thank the committee for taking the time from its busy schedule, and as I said earlier when we met, my compliments to you and the committee for all the hard work on the bill that we have been able to get passed through the Congress and signed by the President. Certainly national security and the Department are much better off having an opportunity to enter the fiscal year with an authorization bill and an appropriation bill and not having to live with the problems of a continuing resolution.

I am honored that the President would nominate me for the DOD Comptroller, and as you suggested earlier, it is the senior financial management position in the Department. I look forward, if confirmed, to assuming the responsibilities of that position.

I am also honored that the committee would act upon the nomination at this time. I have worked very closely for many years with the committee and its excellent staff, ably led by Mr. Arnold Punaro and Mr. Carl Smith, and I look forward very much to the opportunity to continue to work closely with them in the future.

This is a particularly important time of the year for the DOD Comptroller. In the next few months the Department will be putting together its second biennial budget, and as you suggested, it is the baseline for the next Five Year Defense Program.

As you know, the biennal budgeting requirement originated with yourself, and the Department and everyone in it was delighted when the first biennial budget for 1988 and 1989 was transmitted to the committee and that you were pleased that the Department had done such an outstanding job on it.

I have worked very closely with former Comptrollers Robert Helm and Vincent Puritano, each of whom I served as Deputy Assistant Secretary for Program/Budget and was, for all intents and purposes, always in the eye of the storm with respect to the budget.

I look forward to continuing their high standards of excellence and, of course, with a great deal of enthusiasm and cooperation with the committees. I would be happy to take your questions.

[The prepared statement of Mr. Glaister follows:]

PREPARED STATEMENT OF CLYDE O. GLAISTER

Mr. Chairman, I would like to thank the committee for taking the time from its busy schedule to conduct this hearing.

I am honored by the President's nomination to be the DOD Comptroller, the senior financial position in the Department.

I am also honored that this committee would act on the President's nomination at this time. I have worked closely for many years with this committee and its excellent staff, ably led by Mr. Arnold Punaro and Mr. Carl Smith. I look forward to continuing this close working relationship in the future.

This is a particularly important time of year for the DOD Comptroller. In the next few months the Department will be formulating its second biennial budget submission. As you know, the biennial budgeting requirement originated with this committee's distinguished chairman, Senator Nunn, who complimented the Department for its outstanding fiscal year 1988/89 biennial submission. So I believe I have my work cut out for the foreseeable future.

I have worked very closely with former comptrollers Mr. Robert Helm and Mr. Vincent Puritano, each of whom I served as Deputy Assistant Secretary.

I look forward to continuing their high standards of excellence and their cooperative relationship with the Congress.

Thank you Mr. Chairman.

Chairman NUNN. Thank you very much. I have a few questions and I will rotate to Senator Warner and come back for a few more.

Mr. Glaister, last year, as you know, Congress enacted a provision requiring that the Department Five Year Defense Program be transmitted to Congress after the budget is submitted. Are you familiar with that provision?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. Last April, Secretary Carlucci sent us the September 1986 Five Year Defense Program citing it as the Department's most recent FYDP. Since then, some people have suggested that the FYDP was updated at least once after September 1986, specifically in January 1987.

My question to you is—was this FYDP updated in January of 1987?

Mr. GLAISTER. Mr. Chairman, if I might, let me mention a couple of things that happened prior to the time that some believe the FYDP was updated. If you recall, the bipartisan budget agreement was completed on or about November 20, and I think it is fair to say at that time the fiscal realities perhaps were not as clear to some as they were to others.

We had hoped, in the Department that the numbers in the bipartisan budget agreement might to considered to be somewhat of a short-term situation, and that it would not necessarily represent a lessening of support for the kind of real growth that was in the out-years at that time.

So during the period of November 20 to January 22, we were, in the Department—no question about it—on a course that would have published an official Secretary of Defense approved FYDP.

However, on January 22, the Department received its first written indication from the White House that the out-year top line values following the Bipartisan Budget Agreement would be roughly 2 percent.

At that time, that left, for example, 1990, $67.4 billion higher than the President's top line in the FYDP. In 1991, it left $71.2 billion in the way of a fiscal gap.

With those kinds of fiscal gaps between the President's revised 2 percent top line and a FYDP that was then well over a year old and inherited by Secretary Carlucci, it was considered to be inappropriate to try to hurry a complete PPBS cycle in order to develop a new Five Year Defense Program.

We had undertaken the first biennial budget. It was a tremendous amount of work. The second circumstance was a fiscal gap which became real once the President made known his top line, and Secretary Carlucci chose, then, to allow the next full PPBS cycle to unfold for the express purpose of developing his defense plan, which would support that 2 percent growth.

Now——

Chairman NUNN. When was that?

Mr. GLAISTER. That was immediately following the White House decision on 2 percent growth for the out-years.

Chairman NUNN. And that was what date, approximately?

Mr. GLAISTER. January 22.

Chairman NUNN. Of?

Mr. GLAISTER. Of 1987. About the time we would have been completing a full fledged Five Year Defense Program under an annual process. You will recall, however, in the previous summer Secretary Taft issued a press release announcing the first full biennial PPBS, meaning we would do the Defense Guidance every other year, we would do a Program Objective Memorandum review every other year and submit a 2-year budget every other year.

Secretary Carlucci felt very strongly that—and so did Secretary Taft, I might add—that this fiscal gap between the President's new 2 percent growth and where the FYDP was at the end of Secretary Weinberger's term was something that needed the value of the Defense Resources Board, the advice and input of the CINC's, the Secretaries, and the Chiefs and his OSD principal assistants.

That part of the PPBS cycle unfolded this summer. As you know, we are now entering the budget process. Much of that fiscal gap has been accommodated through decisions that have been made and will be announced in January when the budget comes up for 1990–91.

You commented about the FYDP being in existence last January. There was a data base in existence, and there were some transactions applied to that data base in order to provide the Congress with the consistency among other budget-related documents which the Congress requests and receives, such as SARs, Congressional Data Sheets and things of that nature.

So it is true that there were some transactions applied to the data base, but nothing was developed that represented a Secretary Carlucci approved Five Year Defense Program, and I think that is the essential key.

Chairman NUNN. Is that still the case today? Do we not have a new Five Year Defense Program today?

Mr. GLAISTER. The data base was updated in April with the Service Program Objective Memoranda, their request that was the basis for the summer review. After the summer review, the Deputy Secretary approved decisions and the Program Decision Memoranda were issued to the military departments. And on September 15, thereabout, I started receiving input from the military departments to, once again, update the FYDP data base for purposes of reflecting the summer program review decisions, and as a baseline for the budget scrub, which is now underway in the Department.

So from the Secretary's point of view, the cycle will end in January when he sends you the 1990–91 budget and the 1992, 1993 and 1994 out-year program supported by the FYDP detail. That will be his approved Five Year Defense Program with respect to administration policies and programs and goals.

Mr. GLAISTER. And he will be consistent with the 2 percent growth.

Chairman NUNN. What specifically happened between September 1986 and the time you submitted the Five Year Defense Program to Congress in April of 1988? What happened during that time?

Mr. GLAISTER. Only the transactions necessary to—as you well know, Mr. Chairman, frequently there are inconsistent numbers coming out of the Pentagon.

In an attempt to have a single base line for SARs and Congressional Data Sheets, those programs whose documentation is required by the Congress, reflecting out-years, were revised in the Five Year Defense Program so that we would be guaranteed we had one set of numbers for those programs.

That did not take into account military personnel, retired pay, operations and maintenance (O&M), construction, finally housing and all the various other procurement accounts. It was only a few major programs where we felt that consistency was essential.

There was no Secretary of Defense approved Five Year Defense Program at that time, and there still does not remain one. It will be available in January, 1989, sir.

Chairman NUNN. If that is the case, the way the law is written and that is Senator Weicker's law, it seems to me it does not have a lot of meaning, because what you are basically saying is you can continuously update the data base to put it in the computer and have everybody working off of it, as long as the Secretary of Defense does not specifically say this is a new Five Year Defense Program, then there is not a requirement, as you interpret it, to send it to the Congress, is that right?

Mr. GLAISTER. My understanding of section 1203 is that there are essentially three ingredients. One, the President's top line and the internal budget and Five Year Defense Program documentation will be totally consistent in terms of totals.

Second, that it will be provided to the Congress not later than April 1. Third, that it will be the Five Year Defense Program on which the Secretary bases his budget. Since he only submits a budget in the biennial context, every other year, then the PBS was reset to produce a Five Year Defense Program every other year. So the Department does believe it is in compliance.

I would hasten to follow that prior to the debate of compliance with the law all of the decisions to set a biennial process in motion, the revised top line, the decision to submit the September 1986 FYDP, all of that began before the current debate with Senator Weicker over compliance.

So it was not a question of "how can we circumvent the law," it was "how can we comply with the law." At that point in time we felt that the best way and the only way we could comply with the law was to submit the last Five Year Defense Program upon which the Secretary had based the budget, and that was the biennial 1988–1989 budget.

Chairman NUNN. Thank you. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I welcome the nominee and his family. I would like to pick up on the line of questions by the Chair and ask your interpretation of section 1203 of the 1988 Defense Authorization Act? Did you seek the cooperation or advice of the General Counsel formally or informally in your efforts to interpret the law?

Mr. **Glaister**. Informally. However, there were several pieces of correspondence exchanged between the Department and the Congress on which the General Counsel's office formally coordinated.

Senator **Warner**. I would ask the Chair at this time, are we familiar with those pieces of correspondence? Can you identify what they are?

Mr. **Glaister**. They were memoranda to the Secretary from Senator Weicker and responses to Senator Weicker. There was also one to the Inspector General and I believe one to Deputy Secretary Taft. There was a series of about five or six places of correspondence which I would be happy to make available to the committee.

Chairman **Nunn**. We will make it a part of the record.

Senator **Warner**. We should make it part of the record, then.

[The information follows:]

U.S. Senate,
Washington, DC, February 6, 1987.

Hon. Caspar W. Weinberger,
Secretary of Defense, Washington, DC.

Dear Mr. Secretary: I am writing to you about the vast discrepancy between the cost of the President's FY1988–92 Five-Year Defense Program as reported by you to Congress and its cost as portrayed in the internal Defense Department FY1988–92 Five-Year Defense Program document.

I discussed this matter in considerable detail with your deputy, Mr. Taft, at a hearing before the Defense Appropriations Subcommittee on February 3, 1987. The facts are now a matter of public record, so I need not repeat them here. Suffice it to say that Secretary Taft neither disputed the existence of the discrepancy nor the accuracy of my figures.

I wish to remind you that you invited Congress "to take a long-term view of budgetary commitments." I have done exactly as you asked and am not pleased with what I found.

By maintaining two distinct and separate Five-Year Defense Programs, you run the risk of undermining the credibility and integrity of the entire Department of Defense presentation now before Congress. For these reasons, I recommend that you develop a single, coherent FY1988–92 defense program and submit it to Congress without delay.

Your continued cooperation is appreciated.

Sincerely,

Lowell Weicker, Jr., *U.S. Senator.*

The Secretary of Defense
Washington, DC., March 4, 1987.

Hon. Lowell Weicker, Jr.,
U.S. Senate, Washington, DC.

Dear Senator: This is in response to your letter of Febraury 6 in which you criticized what you termed the "vast discrepancy" between the President's FY 1988–FY 1992 biennial defense request and outyear projections and, on the other hand, the DOD's internal FY 1988–FY 1992 Five Year Defense Program. I must correct your confusion on this point. A reading of the Senate Defense Appropriations Subcommittee hearing transcript of February 3, 1987 reveals that Deputy Secretary Taft clearly distinguished between the precise nature of the budget request and the program planning aspect of the FYDP.

There is only one defense budget. It is the President's request. It currently requests two years (fiscal years 1988 and 1989) of defense budget authorizations and appropriations intended to give the defense program some stability in addressing the most efficient business plan possible. This is the long-term view of defense budget commitments the President and I are asking Congress to support.

The Administration's budget also includes an outyear projection of the financing it would allocate to defense under a stated set of assumptions, including the assumption that the budget would be approved. Since the Congress has yet to appropriate the President's full request in the budget year, there has not been an instance of these outyear fiscal projections holding firm. No one should assert that the so-called "outyears" of the FYDP constitute a budget. Rather, they are a blueprint from which we begin the construction of future budgets.

The Five Year Defense Program (FYDP) is an internal DOD programing tool. It is also a useful tool in the process of developing the Department's very complicated budget. The FYDP is, in fact, a combination of enacted programs, the current budget request, and programs that are candidates for financing in the subsequent three years of the five year plan.

The FYDP, with its higher programmatic requirements, and the topline, with lower fiscal resource levels, are complementary management tools. The Military Departments' highest priorities emerge from a budget process that forces competing programmatic choices to conform to the discipline of a lower resource level.

The FYDP itself is repeatedly revised as congressional action modifies the front-end, resource limitations constrain the outyears, and new program requirements and priorities evolve. Just one year ago, in the FY 1987 budget request, the FY 1988–FY 1989 defense budget projections were $341.6 billion and $363.2 billion, respectively. In the wake of congressional cuts of over $30 billion in the FY 1987 budget, reductions of $29.6 billion and $30 billion had to be accommodated by DOD to submit to Congress an FY 1988–FY 1989 budget at the President's approved levels of $312.0 billion and $332.4 billion. This graphically illustrates the impracticality of the FYDP accurately reflecting outyear resource allocations.

In view of your interest in the FYDP, I encourage you to support its first two years, the President's FY 1988–FY 1989 biennial request. Locking in a stable defense resource level for two years is one of the most significant acts Congress can take with regard to an adequate and efficient national security program.

Sincerely,

CASPAR W. WEINBERGER.

U.S. SENATE
Washington, DC, April 10, 1987.

Mr. DEREK J. VANDER SCHAAF,
Deputy Inspector General, Department of Defense, Arlington, VA.

DEAR MR. VANDER SCHAAF: I am writing to you about the vast discrepancies between the cost of the President's five-year defense programs as reported to Congress and their cost as portrayed in the internal Defense Department document known as the FYDP—The Five Year Defense Program.

Documents and information in my possession indicate that the internal Defense Department five-year defense program for fiscal years 1988–1992 projects a need for $1,804.8 billion or $82.9 billion more than has been reported to Congress. Similarly, the total cost of last year's internal five-year defense program exceeded the amount reported to Congress by $62.9 billion.

Under the Congressional Budget and Impoundment Control Act of 1974 (Section 603), the President is required to submit five-year budget projections for the United States Government. If those projections are inaccurate, then the department responsible for providing the erroneous information is not abiding by the spirit of the law.

For that reason, I would like you to look into this matter to verify the accuracy of my information and to answer the following questions: 1) how large are the discrepancies; 2) why do they exist; 3) who is responsible for them; 4) have any laws been broken; and 5) is the Department planning to revise the internal five-year program for fiscal years 1988–92 so that it conforms with the one presented to Congress, and if so, when?

As I want to be in a position to propose some remedial legislation to the Armed Services Committee when it begins marking up the authorization bill toward the end of this month, I would like to have the answers to my questons by April 24, 1987.

Sincerely,

LOWELL WEICKER, Jr., *U.S. Senator.*

April 30, 1987.

Hon. Lowell P. Weicker, Jr.,
U.S. Senate, Washington, DC.

Dear Senator: This responds to your letter of April 10, 1987, concerning the differences between the President's estimates for budget authority for a 5-year defense program as reported to Congress (the "top line") and the amounts in the internal Defense Department document known as the FYDP—Five year Defense Program. You asked me to verify the information, and you also asked five specific questions. The first answer addresses the validity of the information.

Your data indicate that the FYDP for fiscal years 1988–1992 will project a need for $1,804.8 billion or $82.9 billion more than the President's top line budget authority estimate. To compare properly the FYDP to the top line, we should first reduce the FYDP figure by offsetting receipts to reflect needed budget authority. With that relatively minor adjustment, the difference between the President's budget and the FYDP will be $77.2 billion for FY 1988–1992. The difference for FY 1987–1991 is $58.8 billion. There was no difference between the top line and the FYDP for the FY 1986 and 1985 budget submissions.

The second question was, "why do they exist?" The difference exists only in the outyears of Defense planning. There is no difference between the top line and the FYDPs for the budget year(s) under review. I know that the Secretary of Defense answered this question in a letter to you dated March 4, 1987. Let me try to put his rationale in my own words because I believe there is a valid reason for these differences.

The President's budget is the Defense budget. It includes the request for budget authority for the budget year(s) under review, as well as the long-term view of Defense budget commitments that the President is asking the Congress to support, taking into account national macro-economics considerations. On the other hand, the FYDP is an internal DoD planning document that serves two purposes. It provides the detailed support for the budget year(s) under review, and it also contains the outyear planning details for the Defense programs generated in response to Defense and fiscal guidance. Although the outyears in the FYDP are prepared in response to the Secretary's fiscal guidance, such guidance is not fully constrained by macro-economic considerations such as the size of the deficit. Such constraints are addressed in the budget year(s) under review, as they should be.

You also wanted to know who "is responsible for the differences?" The Secretary of Defense is responsible for the FYDP. However the President, with advice from the Secretaries of Defense and Treasury, as well as the Director of the Office of Management and Budget, is responsible for top line budget authority projections.

Has the Department of Defense broken any laws? No laws have been broken. The Congressional Budget and Impoundment Control Act amended the Budget and Accounting Act of 1921 to require that the President's budget contain estimated expenditures, receipts and proposed appropriations for each of the four fiscal years following the budget year. The level of supporting detail is left to the President's discretion. For the budget year(s) under review, the President provides a great deal of information which admittedly coincides with the Defense Department's FYDP. However, for the outyears, the President provides only summary information because no decisions are being made on the detail which supports the budget authority for these years.

Your final question was, "is the Department planning to revise 1988–1992 so that it conforms with the one presented to Congress, and if so, when?" Since there is no difference between the FYDP as adjusted for offsetting receipts and the President's request for FY 1988 and 1989 budget authority, the Defense Department is not planning to revise its FYDP at this time. There is merit in not making program adjustments any earlier than necessary. Of course, DoD will have to revise its basic planning document to react to Congressional action on the FY 1988–89 budget request once that action is known. However, if the FYDP were summarily adjusted to the top line at this time, the effect would be to submerge valid program considerations and make them less visible for subsequent Office of the Secretary of Defense level review.

I hope this has helped you. Please call me if you need more information.

Sincerely,

Derek J. Vander Schaaf,
Deputy Inspector General.

U.S. SENATE,
Washington, DC, May 29, 1987.

Hon. CASPAR W. WEINBERGER,
Secretary of Defense, Washington, DC.

DEAR MR. SECRETARY: I am writing to you once again about the existence of two five-year defense programs for fiscal years 1988–1992.

There is a Defense Department document entitled Procurement Program (P-1) that is presented to Congress each year in support of the budget request. It lists most of the major procurement programs. The preface to the January 1987 edition of this document states: "The Procurement Programs (P-1) exhibit is derived from and consistent with the DOD Five Year Defense Program Procurement Annex data base."

Although the above-mentioned document presents only two future years of funding information for each program, those numbers are derived from a carefully crafted five-year defense program, but which one? Are they linked to the more costly internal FYDP referred to in Mr. Vander Schaaf's letter to me dated April 30, 1987, or to the President's five-year defense program sent to Congress?

I would like to have an answer to this question as soon as possible. Your continued cooperation is appreciated.

Sincerely,

LOWELL WEICKER, Jr., *U.S. Senator.*

THE SECRETARY OF DEFENSE,
Washington, DC, June 24, 1987.

Hon. LOWELL P. WEICKER, Jr.,
U.S. Senate, Washington, DC.

DEAR SENATOR: In response to your inquiry of May 29, let me say once again there is only one defense budget. The Procurement Programs (P-1) exhibit is prescribed by the Congress as a supporting detail to the President's budget. The P-1 is consistent with the FYDP and the President's topline projections for appropriations requested by the President. What is essential to understand is (1) the FYDP outyears are supported by detailed programs but unconstrained to any given Presidential outyear topline, and (2) the President's outyear topline is rigidly constrained but not supported by detailed programs.

As I stated in my March 4 letter and Mr. Vander Schaaf reiterated in his April 30 letter to you, there is no merit to revising and constraining outyear defense program estimates contained in the internal DoD FYDP until the Congress completes action on the Department's current authorization and appropriation request. Once the Congress provides the Department with an enacted budget, the program requirements for the ensuing year(s) can be scheduled for restructuring within subsequent fiscal constraints to be determined by the President. For example, in January 1989, the President will transmit to the Congress the biennial authorization/appropriation requests for FY 1990/FY 1991. Until then it will not be possible to anticipate precisely what programs (quantities and costs) currently within our DoD FYDP will be constrained to the President's topline and contained in detail in that request.

I again encourage you to support the two-year defense budget proposed by the President as an important first step in providing national security requirements more efficiently and effectively.

Sincerely,

WILLIAM H. TAFT IV,
Deputy Secretary of Defense.

U.S. SENATE,
Washington, DC, July 29, 1987.

Hon. CASPAR W. WEINBERGER,
Secretary of Defense, Washington, DC.

DEAR MR. SECRETARY: I am writing to inquire about the Defense Department's interpretation of the provision contained in the Congressional Budget and Impoundment Control Act of 1974 pertaining to five-year budget projections.

In consultation with the Legislative Counsel of the Senate, I have come to the conclusion that paragraph (5) of section 1105 (a) of Title 31 requires five-year projections for all functions and activities in the Department of Defense budget. If that is indeed the case, why does your department provide five-year budget projections in only two very limited forms: 1) President's "top line" summary; and 2) selected procurement programs in Congressional Data Sheets? Why not provide comparable projections for other appropriations, such as research and development, military personnel, and operation and maintenance?

I would like to have a legal opinion on this matter.

As I have indicated in the past, I intend to propose remedial legislation to establish consistency in the five-year program and budget presentations of the Department of Defense. That legislation is now in preparation. When ready, I will forward it to you for review and comment. In the meantime, a clear explanation of the reasoning behind the policy governing five-year program/budget presentations would be most helpful.

Your continued support in these matters is appreciated.

Sincerely,

LOWELL WEICKER, Jr., *U.S. Senator.*

THE DEPUTY SECRETARY OF DEFENSE,
Washington, DC, September 1, 1987.

Hon. LOWELL P. WEICKER,
U.S. Senate, Washington, DC.

DEAR SENATOR: This is in response to your letter of July 29, in which you inquired about the Department's submission of five-year budget projections under the Budget and Impoundment Control Act of 1974.

During fiscal years 1976 through 1987, the President submitted the defense budget by appropriation for the budget year and by appropriation title for the four ensuing fiscal years. This year, the President submitted the defense budget by appropriation for both FY 1988 and FY 1989, and by appropriation title for fiscal years 1990 through 1992. The President's budget submission fully satisfies the requirements of section 1105(a)(5) of title 31, United States Code.

Further legislation concerning the Department of Defense five-year program and budget presentation is not necessary. For example, recent committee reports on the President's biennial budget request before the Congress indicate that lack of detail is not the reason Congress has failed to act. Nevertheless, I appreciate your offer to make such draft legislation available to me for review and comment.

Finally, you requested an explanation of the reasoning behind the DoD policy governing five-year program-budget presentations. I believe the recent letters that you have received on this subject from the Secretary of Defense, the DoD Inspector General, and from me provide you with a clear explanation of DoD policy.

Sincerely,

WILLIAM H. TAFT IV.

U.S. SENATE,
Washington, DC, April 14, 1988.

Mr. DEREK J. VANDER SCHAAF,
Department of Defense, Arlington, VA.

DEAR MR. VANDER SCHAAF: I am writing to you about the continuing discrepancies between the Five Year Defense Program (FYDP) and the President's budget.

You will remember that in a letter to me dated April 30, 1987, you verified the existence of a $77.2 billion discrepancy between the FYDP for FY 1988–1992 and the five-year projections contained in the President's budget for the same years.

Since receiving your letter, I have discovered still another facet of the same problem.

To comply with Section 1002 of Public Law 98–525, the Department of Defense has prepared a "NATO Cost Report" dated April 1987. It contains detailed force structure and cost data for FY 1988–92. While the force structure data appears to have been drawn from the FYDP, the "top line" cost information is consistent with the lower numbers in the President's budget.

My office has repeatedly queried the Defense Department as to the origin of the data presented in the "NATO Cost Report." After weeks of discussion and telephone calls, the department provided the attached information paper, which is unsatisfactory.

For these reasons, I ask that you conduct an audit to determine whether the force and cost numbers in the "NATO Cost Report" are mutually consistent, and if not, why.

Your support in these matters is appreciated.
Sincerely,

LOWELL WEICKER, Jr., *U.S. Senator.*

THE SECRETARY OF DEFENSE,
Washington, DC, June 30, 1988.

Hon. LOWELL WEICKER, Jr.,
U.S. Senate, Washington, DC.

DEAR LOWELL: This responds to your letter of April 29 regarding sources of data for the DoD Military Status Report and to your letter of April 14 to the Deputy Inspector General concerning the origins of data in the "NATO Cost Report." In both cases, your concern stems from differences between the Five-Year Defense Program (FYDP) for FY 1988-1992 and the five-year projections contained in the President's budget. You ask which is the basis for our reports or whether there is some other FYDP.

Let me begin by trying to be clear about the status of the FYDP. The FYDP transmitted to Congress on March 16, 1988, was prepared in September of 1986 and was the last FYDP published within DoD. In the fall of 1986, DoD was faced with formulating its first biennial budget submission in less time than had previously been available to formulate annual submissions. To compensate for the increased amount of review effort required to ensure budget quality estimates for two years rather than one, the outyear impact of FY 1988/1989 budget decisions was not comprehensively addressed during the review. In the spring of 1987, after submission of the President's budget, date in the FYDP data base for FY 1988 and 1989 were internally adjusted to reflect the budget. Outyear data was not revised to reflect the Presdent's top line, however, and no hybrid FYDP was published. Thus, as we noted in earlier letters to you, there was no difference between the FYDP data base and the President's budget for FY 1988 and 1989 while the FYDP outyears were not constrained to the President's top line.

The FYDP data base was the starting point for the "NATO Cost Report." To develop a report that was consistent in every year with the five-year totals in the President's budget, excursions from the FYDP's FY 1980-1992 data was necessary. Since we had reached the President's top line in the budget years without significant changes to force structure of end strength, analysis preparing the report assumed that no personnel reductions would be made in reaching the President's top line in the outyears as well. Therefore military and civilian personnel costs were not reduced. All other costs (R&D, procurement, military construction, and O&M) in each FYDP program element were reduced in proportion by multiplying them by a fraction (which was different for each year) so that the remaining costs (including pay) in each year equaled the President's top line in that year. I realize that this method is arbitrary, but any method except a full scale program review—for which there was neither time nor good purpose—would have been equally arbitrary.

Because complex programmatic detail was required to produce the capability measures presented in the DoD Military Status Report (MSR), the methodology used to prepare the "NATO Cost Report" could not be applied to the MSR. In those instances where the FYDP data base provided information in a form useful to the DoD analysis preparing the MSR, we used the September 1986 FYDP and adjusted the FY 1988 and 1989 data from that FYDP to reflect the program and budget decisions made during our FY 1988-1989 budget review. The FY 1990-1992 data in the FYDP data base were used without attempting to compensate for the lower top line funding levels contained in the President's budget submission to the Congress.

I believe that this letter, our fourth to you on this general subject over the last sixteen months, should lay this matter to rest. In each case where we have provided data to Congress for years beyond FY 1989, we have adhered as closely to the President's budget as our underlying data sources will permit. I realize you feel that remaining differences are a serious matter. However, we cannot revise the past, and the Inspector General does not believe an audit is necessary. I think that now it is more appropriate to turn our attention to the future. We are now in the process of developing the defense program for FY 1990-1994 at lower fiscal levels. Expeditious passage of the amended FY 1989 budget will greatly assist in this process by establishing a firm starting point.

Sincerely,

FRANK.

THE DEPUTY SECRETARY OF DEFENSE,
Washington, DC, September 25, 1988.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, Washington, DC.

DEAR MR. CHAIRMAN: I am writing in response to your letter of September 22, 1988, concerning the Department's implementation of Section 1203 of last year's authorization bill. That section required the Department to submit its Five Year Defense Program (FYDP) to Congress. We complied with this provision earlier this year, submitting the Department's most recent FYDP, which was issued in September 1986. Your letter concerns a document developed in January 1987 which has generated some confusion in the GAO because it styles itself as part of a FYDP.

I certainly agree with you that we can and should put this issue to rest as soon as possible. To this end I am enclosing two documents, the RDT&E annex to the FYDP referred to as the January 1987 memorandum in your letter, and its investment counterpart, the Procurement annex (major programs only version). These documents represent portions of what might have become a January 1987 FYDP, but did not. No other portions were issued and on their own terms these documents do not reflect any program that was ever adopted by the Department. Because they were neither complete nor accurate and did not result from a program review they were not provided to Congress previously.

These documents constitute "intermediate pieces" in what might have become a FYDP. There are some important features of such "intermediate pieces" that the committee should be aware of as it reviews them.

A FYDP "data base" always exists and has since the inception of the DoD PPBS in CY 1961; it reflects at different times varying degrees of decision application and completeness.

A complete FYDP is adopted by the Secretary and exists, however, only subsequent to the execution of a complete PPBS cycle. During such a cycle, major policy decisions are essential to insure the resulting FYDP represents the Administration's National Security Programs and goals for the ensuring five-year period. The most recent FYDP which meets such criteria is the September 1986 version previously provided to Congress. All other versions of the FYDP "data base" represent intermediate steps leading to the next FYDP at the conclusion of a complete PPBS cycle.

The data I am enclosing are categorically incomplete and did not represent Administration approved RDT&E and Procurement annexes to the FYDP at that time, nor do they now. Other appropriation titles such as military personnel, operation and maintenance, nonmajor weapons systems elements, other Procurement, military construction and family housing appropriations were not revised between the September 1986 issue and the POM proposals submitted to begin the FY 1990–1994 cycle currently underway within the Department. Moreover, only limited adjustments were made to the FY 1990–92 columns of the September 1986 FYDP although in other instances these columns did not reflect all FY 1988 and FY 1989 reductions that were made in the fall of 1986.

On June 18, 1986, I announced the DoD was revising the PPBS to a complete biennial cycle and that there would be no program and budget reviews in the ensuring year (1987). Subsequent to Mr. Glaister's January 1987 memorandum the printing and further distribution of "pieces/annexes" from the FYDP data base were suspended because of (1) the significant disparity between the FY 1988/89 and the outyear funding and program content, and (2) the revised biennial PPBS cycle. It is indeed unfortunate that such an administrative error has caused so much confusion and it is of course deeply regretted. Please understand, however, that this error occurred well in advance of either the subsequent written dialogue with Senator Weicker and/or the enactment of Section 1203.

One last major point. Section 1203 established three major conditions and requirements which are interlocked:

The President's Defense topline and the detail submitted by DoD will be consistent,

The FYDP will be submitted not later than April 1 of each year,

The FYDP submitted will have been used by the Secretary in formulating the budget.

I believe it is fair to say that to date only the September 1986 FYDP meets these statutory requirements. The FY 1990–1994 submission will also; however, any intervening and incomplete steps do not.

I would be most happy to discuss this matter more fully at your convenience.

Sincerely,

William H. Taft IV.

Enclosures.

U.S. Senate,
Committee on Armed Services,
Washington, DC, September 22, 1988.

Hon. Frank C. Carlucci III,
Secretary of Defense, Washington, DC.

Dear Mr. Secretary: I am forwarding to you a copy of a letter and statement I have received from Senator Lowell Weicker, Jr. concerning the Department's implementation of Section 1203 of the Fiscal Year 1988 Defense Authorization Act, which requires the Department of Defense to submit the Five Year Defense Program to the Congress.

Section 1203 was based on an amendment sponsored by Senator Weicker to the Fiscal Year 1988 Authorization Act, based on his concerns over the Department's long-range financial management. As you and I have discussed, I share a number of those concerns and repeatedly asked DoD questions in this area during our hearing cycle.

Senator Weicker points out in his letter that the Department updated the FYDP in January 1987. I had understood from you and other Department spokesmen that the September 1986 version of the FYDP was the only version in existence. This is the version you submitted to comply with Section 1203 of the 1988 Authorization Bill. In his letter to me and in his floor speech, Senator Weicker makes a persuasive case that, in fact, a newer version does exist. I now understand from my staff, as well as the General Accounting Office, that the Department has apparently regularly updated the September 1986 FYDP.

Indeed, Senator Weicker's letter to me contains a photocopy of the front page of a document entitled, "FYDP," which is dated January 1987. Senator Weicker also sent a January 13, 1987, memo from Mr. Clyde Glaister, DASD Comptroller, distributing this document that Mr. Glaister termed in his memo the "January Issue of the FYDP." Mr. Glaister states: "This issue of the FYDP reflects the FY88 and FY89 Department of Defense budget and FY90–92 program."

I met recently with General Accounting Office personnel and I discussed this question, among other issues. I have asked the General Accounting Office to evaluate the impact of declining budget resources on the defense program and especially on the major procurement programs, the so-called "bow wave" problem. GAO indicated that it is critical that the GAO have access to the so-called January 1987 Five Year Defense Program in order to develop a proper baseline for their analysis of the new FYDP that the Department must submit by April 1, 1989. GAO believes that this January 1987 version of the FYDP does indeed exist and that it is the proper starting point for analysis. To that end, I would ask that you provide to the Congress the January 1987 version of the Five Year Defense Program.

All of us acknowledge your very constructive efforts in managing the Department of Defense and dealing with a revised Fiscal Year 1989 program. I hope that we can put this issue to rest with a submittal of the January 1987 document as soon as possible.

Sincerely,

Sam Nunn, *Chairman.*

Enclosure.

U.S. Senate,
Washington, DC, July 14, 1988.

Hon. Sam Nunn,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Sam, I am writing to express dissatisfaction with the way the Department of Defense (DOD) is implementing section 1203 of the FY1988 defense authorization act, requiring consistency in five-year defense program and budget presentations to Congress.

I have been carefully monitoring and evaluating the evolution of the Five Year Defense Program (FYDP) since the above-mentioned legislation was enacted into law late last year. The results of that work are contained in the attached report that I am placing in the Congressional Record today.

Sam, I am disturbed by what I found. I know Secretary Carlucci is moving in the right direction so far as long-range budget planning is concerned, but I am deeply troubled by the way he and Deputy Secretary Taft have handled this year's FYDP submission. They have been less than forthright and honest, and that does not augur well for the future.

For the reasons outlined in my report, I recommend that you ask Secretary Carlucci to provide Congress with the January 1987 issue of the FYDP. It will provide the "baseline" for evaluating the impact of the $300 billion reduction in outyear funding in the FY1990–94 FYDP. Congress must have that document to fully understand those changes. I also suggest that you look into the inconsistencies and distortions of five-year program and budget information contained in reports to your Committee—reports mandated by law. Those are discussed in the attached report.

Your continued support in this matter would be appreciated.

Sincerely,

Lowell Weicker, Jr., *U.S. Senator.*

Attachment.

REPORT BY SENATOR LOWELL WEICKER, JR., ON IMPLEMENTATION OF LAW GOVERNING SUBMISSION OF FIVE YEAR DEFENSE PROGRAM

Mr. President, I rise to submit a report on the implementation of subsections (f) and (g) of Section 114, Title 10, United States Code—a provision of law that grew out of an amendment offered to the defense authorization bill last year. The law pertains to the Five Year Defense Program (FYDP). Mr. President, the purpose of this report is to express dissatisfaction with the way this legislation is being implemented by the Department of Defense (DOD).

AMENDMENT

Last year, during the floor debate on the defense authorization bill, I secured passage of an amendment requiring consistency in future five-year budget presentations of the Department of Defense (DOD).

My amendment was subsequently accepted by the House and signed into law by the President.

The amendment has two main provisions:

All program and budget information, including all supporting documentation, submitted to Congress by the DOD shall be consistent with the President's five-year budget in the Budget of the United States Government;

By April 1st of each year, the DOD shall provide Congress with the Five Year Defense Program (FYDP), including all associated annexes, used to formulate the President's budget.

RATIONALE

In recent years, the DOD has been giving Congress inconsistent program and budget information. The problem has two facets.

First, the DOD has two five-year programs.

There is the plan presented to Congress by the President in the Budget of the United States Government, and there is the secret internal Pentagon FYDP. For FY1988–92, for example, the FYDP exceeded the congressional plan by about $80 billion—a discrepancy verified by the DOD Inspector General in a report to me dated April 30, 1987. Comparable discrepancies existed for FY1987–91.

Second, line item program data provided in Congressional Data Sheets and similar justification materials are drawn from and consistent with the larger, more costly internal Pentagon FYDP. The five-year projections presented in the Budget of the United States Government are not supported by line item detail.

Approval of the individual line items, as portrayed in the Congressional Data Sheets, would therefore suggest support of the higher FYDP "top line", that is, a larger budget—not the smaller congressional five-year plan. All the individual line items presented in budget justification materials, if taken together and approved in full, would simply not fit into the congressional plan—an additional $80 billion in budget authority would be needed to accommodate them in the outyears.

The net result is instability and waste as program funding is inevitably reduced in the outyears.

The DOD is maintaining two sets of books. The five-year program and the five-year budget information provided to Congress do not match. The Congessional Data

Sheets are but one manifestation of the problem. Others exist, such as the Selected Acquisition Reports, the NATO Cost Report, and the DOD Military Status Report—most mandated by law but all containing inconsistent and distorted five-year budgetary information. Some draw data from the FYDP, some from the President's budget, some from both. And that's a flimflam operation.

If budgetary information presented to Congress is flawed, then Congress cannot do its job as required by the Constitution.

Congress needs to understand the future consequences of today's decisions. It must stop looking at the budget as a separate and distinct entity. The budget itself is the first year of the five-year program. The budget and the four subsequent outyears are inextricably linked. Changes in one necessitate adjustments in the other. The outyears should be a smooth continuation of the budget and, as such, represent an imperfect image of the future consequences of near-term budget decisions.

Properly implemented, this provision of law, which is fully consistent with the recommendations of the Packard Commission and the Carlucci initiatives on improving defense management, could bring consistency to all program and budget information provided to Congress in the future, and, above all, restore discipline and integrity to the process.

Unfortunately, it is not being implemented as Congress intended.

IMPLEMENTATION

The DOD "strongly" opposed the amendment and in letters to Chairman Nunn and Aspin, dated October 9, 1987, urged them to reject it in conference. Failing at that, Secretary of Defense Carlucci then approached Senators Nunn and Warner, asking that they "waive the requirement for submission of the FYDP" as stipulated in law.

Senator Nunn refused to give the department the relief it wanted. In a February 18, 1988 letter, he told Carlucci that the committee's counsel had reviewed the statute and concluded "there is no waiver authority." Senator Nunn said that the law requires submission of the FYDP by April 1, 1988, and recommended that he comply.

On March 16, 1988, the DOD took steps to comply with the law by giving Congress the September 1986 version of the FY1988–92 FYDP.

The next day, March 17th Deputy Secretary of Defense Taft appeared before the Armed Services Committee to give testimony on the amended FY1989 request and Five Year Defense Plan. The Chairman, Senator Nunn, questioned him about the FYDP submission. I am very dubious about the truthfulness or competence of Mr. Taft's testimony about the FYDP.

During that testimony, which consumed less than three pages of raw transcript, Mr. Taft stated repeatedly that "it is the only five-year defense plan that we have" and that "it is the basis for the biennial 1988–89 budget". He also noted that the FYDP is updated every other year and promised the committee that the FYDP for FY1990–94 will be submitted on schedule by April 1, 1989. He concluded by saying that this year's submission is in "literal compliance" with the law.

For the most part, Mr. Taft's testimony was either misleading or inaccurate.

Does FYDP submission comply with the law?

The September 1986 version of the FY1988–92 FYDP delivered to Congress on March 16, 1988, does not comply with the law. The law specifies that the FYDP provided to Congress by April 1st each year must have been used to formulate the President's budget. The September 1986 FYDP was not used to formulate the FY1989 budget. There is no FYDP underlying the FY1989 budget. Therefore, the FYDP submission does not comply with the law.

Was September 1986 FYDP basis for first biennial budget?

Both Secretary Carlucci and Mr. Taft contend that the first biennial budget for FY1988–89 was based on the September 1986 issue of the FY1988–92 FYDP.

A comparison of the President's budget with the FYDP suggests that their statements were false.

If the September 1986 FYDP provided to Congress was indeed the basis for the first biennial budget, then the dollars shown in the FYDP and President's Budget should be almost identical, but they are not. The difference is striking—a total of about $37 billion in the biennial budget years—$19.2 billion in 1988 and $17.9 billion in 1989—and $120 billion over the entire five years as shown in the table below:

BILLIONS OF DOLLARS

	Fiscal year					
	1988	1989	1990	1991	1992	Total
FYDP (September 18, 1986) [1]	322.5	341.2	371.0	391.0	416.4	1,842.1
President's budget [2]	303.3	323.3	343.9	364.9	386.5	1,721.9
Difference	19.2	17.9	27.1	26.1	29.9	120.2

[1] TOA.

[2] BA.

Note: Difference between TOA and BA is relatively minor (−2%).

Clearly, the FYDP provided was not the basis of the first biennial budget. It reflected some very preliminary program decisions (PDMs) approved by the Secretary of Defense during the summer of 1986 but did not reflect the final budget decisions (PBDs) in the fall of 1986 that were the basis of the budget.

How many FY1988-92 FYDPs exist?

There is but one inescapable conclusion. There is a later version of the FY1988-92 FYDP—one that incorporates the 1986 DOD budget decisions or PBD's; one that coincided with submission of the President's budget.

Both Carlucci and Taft maintain that September 1986 FYDP "is the only FYDP we have"—it was "the last FYDP published." However, there is irrefutable evidence to the contrary.

Under current departmental regulations (No. 7045.7, May 23, 1984), the FYDP is updated and published "at least three times a year". In fact, the FYDP data base is updated continuously and printed/published at periodic intervals. The FYDP data base can be printed out of a computer upon command and published with relative ease at any time. The FYDP itself is nothing more than a computer printout with a fancy cover.

The FY1988-92 FYDP was updated, printed and/or published, either in full or in part, and distributed within the Pentagon on at least three occasions after September 1986—in January and again in June and July 1987. Copies of those documents are available in the Pentagon and are currently being used in the preparation of the new FY1990-94 FYDP.

I have a copy of a DOD memorandum, dated January 13, 1987, and signed by Mr. Clyde Glaister, Deputy DOD Comptroller, making distribution of the January issue of the FY1988-92 FYDP and a copy of the cover sheet of its R&D Annex. These documents make one thing clear: there is a January 1987 FYDP. There can be no doubt about that.

Mr. President, I ask unanimous consent that these documents along with a recent letter from Secretary Carlucci on the status of the FYDP be placed in the record.

The final DOD budget decisions (PBDs) contained in the January 1987 FYDP "carved" $35 billion from the first two years of the FYDP—$18.4 billion in 1988 and $17.1 billion in 1989, bringing the FYDP and the President's budget into rough balance for FY 1988-89, but left a massive $81.3 billion mismatch in the outyears where only minor adjustments were made.

The January FYDP and the President's budget are compared in the table below:

BILLIONS OF DOLLARS

	Fiscal year					Total
	1988	1989	1990	1991	1992	
FYDP (January 1987)	304.1	324.1	370.1	391.2	415.3	1,804.8
President's budget [2]	303.3	323.3	343.9	364.9	386.5	1,721.9
Difference	.8	.8	26.2	26.3	28.8	82.9

[1] TOA.

[2] BA.

Congress should have been given the January issue of the FY1988-92 FYDP—not the September 1986 data. The January FYDP coincided with the budget submission. It formed the basis of the President's budget. It formed the basis for the first biennial budget. It is the most relevant, up-to-date FYDP data.

So the question remains: why was Congress given a preliminary draft instead of the final version of the FY1988–92 FYDP? Why is DOD trying to hide and withhold the January 1987 plan from Congress?

Future prospects

Mr. President, I know that Secretary Carlucci is moving in the right direction so far as long-range budgets are concerned. He is trying to reverse a trend set in motion by his predecessor, Caspar Weinberger, who abandoned five-year planning in favor of the biennial budget, which is nothing more than an annual, one-year budget exercise.

The new Secretary of Defense is developing a new FYDP for FY1990–94 and has agreed to provide it to Congress by April 1, 1989, as required by law. In developing the new FYDP, he is trying to bring outyear spending plans into line with near-term budgets requirements—which means eliminating close to $300 billion in programs.

So the trends are good, or at least that is the way it appears on the surface. I have no way of knowing how program details—the hard decisions—will actually unfold.

But while I credit Mr. Carlucci's good intentions, I remain disturbed by the way he and Mr. Taft have handled this year's submission. They have been less than forthright and honest. And that does not auger well for the future.

Need for January 1987 FYDP

For these reasons, I am recommending that the Armed Services Committee ask Secretary Carlucci to provide Congress with the January 1987 issue of the FYDP. It will provide the "baseline" for evaluating the impact of the $300 billion reduction in outyear funding in the FY1990–94 FYDP. Congress must have that document to fully understand those changes. And it will be essential to the conduct of a General Accounting Office evaluation of the FYDP being undertaken at my request.

I would also like to urge the Armed Services Committee to investigate the continuing inconsistencies in the five-year program and budget information being presented to Congress by DOD in a number of important reports—most of which are mandated by law, including the Congressional Data Sheets, the NATO Cost Report, and the DOD Military Status Report to name a few. The distortion of information cannot be tolerated.

If the January, 1987, FYDP is unavailable in sufficient quantities, then the information should be drawn out of the FYDP data base and given to Congress in an appropriate format.

Mr. President, I have been working with Senators Nunn and Warner on this matter since I first raised the FYDP issue early last year. They have been very helpful and cooperative in the past. I look forward to their continued support in the future and ask that they give my latest recommendation all due consideration. I also wanted all of my colleagues to be aware of how the department is implementing the law governing submission of the Five Year Defense Program.

Senator **WARNER**. Mr. Chairman, I would like to ask that this particular document be designated as Exhibit A, submitted by the Senator from Virginia and I ask the witness to examine it and see if he can identify it.

Chairman **NUNN**. Without objection.

[Information included for the record:]

[Exhibit A—From Senator Warner]

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, DC, January 13, 1987.

Memorandum for Distribution List

Subject: January Issue of the Five Year Defense Program (FYDP) and Construction, Procurement and RDT&E Annexes

This issue of the FYDP reflects the FY 1988 and FY 1989 Department of Defense budget and the FY 1990–1992 program.

Summary data and program element detail for FY 1986–1992 are contained in one publication. The Construction Annex, Procurement Annex and RDT&E Annex are contained in separate publications.

Furthermore, the DoD estimates in this issue will not be furnished to anyone outside the Department of Defense without the expressed written consent of the Assistant Secretary of Defense (Comptroller).

Any questions relating to this document may be addressed to the Directorate for Program and Financial Control, Room 3B872, Pentagon, 697-0021.

CLYDE O. GLAISTER,
Deputy Assistant Secretary of Defense, (Program/Budget).

Enclosure.

COPY OF 265 COPIES

F Y D P

THE
FIVE YEAR
DEFENSE
PROGRAM

R, D, T&E ANNEX

FISCAL YEARS 1988 AND 1989 BUDGET

JANUARY 1987

Office of the Assistant Secretary of Defense (COMPTROLLER)

Mr. GLAISTER. Yes, sir, I am familiar with the document. It is a document that I signed during that period of time that I referred to with Senator Nunn, when, prior to receiving the President's top line at 2 percent growth on January 22, we had all the procedures, all the processes in motion, leading toward having a Five Year Defense Program in January of 1987.

When we received the top line and found that it was $60 billion to $70 billion per year less than the programs contained in the September, 1986, FYDP, the Secretary felt he could not do justice to developing a new Five Year Defense Program without having gone through the complete PPBS cycle.

So at that point this process was stopped. This, unfortunately, was a cover memorandum to distribute one of the pieces, the RDT&E title and its programs. But that RDT&E title certainly is not representative of, or a part of, any Secretary approved Five Year Defense Program.

Senator WARNER. But should that document come into the hands of a person not familar with that background as it is written, it could be quite misleading, is that correct?

Mr. GLAISTER. Absolutely. You are right.

Senator WARNER. Would you read, for the benefit of the other members of the committee, the memorandum that you prepared?

Mr. GLAISTER. Yes, sir. "Memorandum for distribution list; subject: January issue of the Five Year Defense Program."

Senator WARNER. I would like to interrupt for just a minute so the chairman might have the benefit of hearing this. I think you have seen the document, have you not? I have asked the witness two questions here.

The first question was if an individual gained possession of that document without the background of his responses to the committee this morning, the document would be quite misleading and the witness replied in the affirmative.

Then I asked the witness to read for the benefit of the committee the document and he is about to do that.

Mr. GLAISTER. "This issue of the FYDP reflects the fiscal year 1988 and fiscal year 1989 Department of Defense budget and the fiscal year 1990 to 1992 program."

"Summary data and program element detail of the fiscal year 1986 to 1992 are contained in one publication. The Construction Annex, Procurement Annex and RDT&E Annex are contained in separate publications. Furthermore the DOD estimates in this issue will not be furnished to anyone outside the Department of Defense without the express consent of the Assistant Secretary of Defense (Comptroller)."

"Any questions relating to this document may be addressed to the Directorate for Program Financial Control, Room 38872, the Pentagon," followed by a phone number and my signature.

Senator WARNER. Would you, at this time, explain—I say this in a negative sense—why you wrote it and why you wrote it in such a way that it could be misinterpreted? Was that intentional? Was it an oversight? We all commit oversights.

Mr. GLAISTER. No. Certainly, Senator Warner, I would not have written it intending to mislead anyone. It is a routine administrative piece of correspondence. Hindsight being what it is, I can see the confusion and certainly would have not written and signed the memorandum at that particular point in time.

But it is a routine piece of correspondence which is contained in the front of the four documents mentioned therein, the FYDP, the Construction, the R&D and the Procurement Annex. This particular version was in an R&D Annex, the cover of which is photocopied and attached.

The memorandum contains a prohibition on release, again as a matter of DOD policy of long standing. It has nothing to do with section 1203, which again is unfortunate. The uninitiated may have felt that it was. It was not and I would like to include for the record copies of similar earlier memoranda.

[The information follows:]

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, DC, January 29, 1985.

Memorandum for Distribution List

Subject: February Issue of the Five-Year Defense Program (FYDP) and Construction, Procurement, and RDT&E Annexes.

This issue of the FYDP reflects the FY 1986 Department of Defense budget and the FY 1987-1990 program.

Summary data and program element detail for fiscal years 1984-1990 are contained in one publication. The Construction Annex, Procurement Annex, and RDT&E Annex are contained in separate publications.

Furthermore, the DoD estimates in this issue will not be furnished to anyone outside the Executive Branch without the expressed written consent of the Assistant Secretary of Defense (Comptroller).

Any questions relating to this document may be addressed to the Directorate for Program and Financial Control, Room 3B872, Pentagon, 697-0021.

CLYDE O. GLAISTER,
Deputy Assistant Secretary of Defense (Program/Budget).

Enclosure.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, DC, February 3, 1986.

Memorandum for Distribution List

Subject: February Issue of the Five-Year Defense Program (FYDP) and Construction, Procurement, and RDT&E Annexes

This issue of the FYDP reflects the FY 1987 Department of Defense budget and the FY 1988-1991 program.

Summary data and program element detail for fiscal years 1985-1991 are contained in one publication. The Construction Annex, Procurement Annex, and RDT&E Annex are contained in separate publications.

Furthermore, the DoD estimates in this issue will not be furnished to anyone outside the Department of Defense without the expressed written consent of the Assistant Secretary of Defense (Comptroller).

Any questions relating to this document may be addressed to the Directorate for Program and Financial Control, Room 3B872, Pentagon, 697-0021.

CLYDE O. GLAISTER,
Deputy Assistant Secretary of Defense, (Program/Budget).

Enclosure.

Senator **WARNER**. Now, Mr. Chairman, I would like to make another request that the record of today's proceedings be transcribed at the earliest possible time so that it can be provided to other Members of the Senate, if the Chair concurs in that?

Chairman **NUNN**. I do. I think we will get it as quickly as we can.

Senator **WARNER**. We have a practical problem here, Mr. Glaister. This institution has its rules and procedures and courtesies and the like. As you well know, there is a member of this body who understandably desires to examine this record very carefully. His views with respect to your nomination will in part control the actions of this committee and indeed may well control the actions of the Senate as a whole, assuming the nomination is reported from the committee to the Senate.

Given the short period of time that any of us can project that the Senate will remain in session, I would urge you at the earliest possible opportunity to take the record which I will, together with the chairman's concurrence, make available to another member of the Senate and avail yourself to that member to see whether or not this hearing has in any way clarified his concerns which, in my judgment, are predicated on a sound basis.

My time is up, but I possibly would like further questions.

Chairman NUNN. Let me ask one question and I will defer to Senator Exon. If I could get Senator Warner's attention, this just came to us in a letter of September 26 from Secretary Taft.

Mr. Glaister, you mentioned that the uninitiated would or might be lead to think there was a Five Year Defense Program. This is classified, but I do not think the cover of it is.

It says "FYDP, the Five Year Defense Program, RDT&E Annex, Fiscal Year 1988/1989, January 1987, Office of the Assistant Secretary of Defense, Comptroller." This says "Five Year Defense Program, Procurement Annex, Department of Defense, fiscal year 1988/1989."

Who is uninitiated? I mean, it seems like anybody would think that whether initiated or uninitiated.

Mr. GLAISTER. Those are two of the pieces I was referring to of the four that would have, under normal circumstances, in January of 1987 become the Secretary of Defense's Five Year Defense Program.

This practice of printing from the data base an incomplete status within the PPBS cycle is a practice that has been going on since 1961 when PPBS was introduced into the Department of Defense.

Fortunately or unfortunately, however I look at it, I have been involved in PPBS since 1961, so I probably have one of the few corporate memories of 28 years of the PPBS operations in the Pentagon.

You will find, back through time, that the publication has been printed periodically for the last several years, three times a year. One to reflect the January budget decisions transmitted to the Congress; the second to reflect the service POM submission, and the third to reflect the budget request to the Secretary of Defense from the services and Defense Agencies.

Again, administratively it was pretty routine. It came into play rather significantly once section 1203 was enacted into law.

Chairman NUNN. Would it not be a lot easier just to go a little beyond the gray area and submit documents periodically, in compliance with that law, than it would be to withhold them? What is going to happen now? I mean, it is entirely predictable.

Are we going to have another proposal that gets down to detailed data requirements so that every time you put something in the computer over there you are going to have to send it over here, which is going to be a burden for you and a burden for us, because there has been such a literal, in this case technical, reading of the law.

It seems to me the Department has gone out of its way to read the law in a legalistic fashion, making sure that not one thing is sent that is not absolutely formally within the statute, and the result is predictable. You are going to end up having an onerous burden of data reporting which may not be of very much use to the Congress and may be quite a burden to you, because we do not seem to be able to draw a law that people read and say, let us try to comply with the spirit of the law.

It seems to me that that is where we are heading. Maybe we can avoid it, but that is sort of the cycle we get in in these things.

Mr. Exon.

Senator EXON. Thank you. Mr. Glaister, welcome to you. We are going to be working very closely with you in the immediate future and you are taking on a tremendous obligation down at the Pentagon.

Let us look ahead just a little bit. The budget forecast deficit for next year is now $150 billion and Gramm-Rudman says it has to be $100 billion. I think the rubber is going to meet the road on this proposition next year. Since our Defense budget makes up a substantial portion of what the Congress has retained unto itself, given the fact that half of the budget is out from under the Gramm-Rudman dictates, it seems to me that you and we can be facing a significant cut in defense.

Meanwhile, the candidates for President are presenting no new revenue, no new monies going to come in, and it looks like we could be heading into a situation where we could be confronted with a situation, either by sequester or otherwise, of a $10 billion to $15 billion to $20 billion cut in defense.

With everything we have coming down the road are we not going to have a tremendously difficult challenge?

Mr. GLAISTER. Yes, sir.

Senator EXON. Do you have any ideas at this time as to how you would recommend, as the Comptroller, bringing about a $15 billion to $20 billion reduction in the cost of our national defense? Any priorities?

Mr. GLAISTER. The Secretary has, within the last year, begun and will complete by January a comprehensive review of the Five Year Defense Program and will have eliminated some $60 billion to $70 billion of requirements per year.

Now, that is from the September 1986 base line. I am not quite sure what base line your $20 billion would be from, but if you take the 1989 enacted, for example, and projected at a 2 percent growth, you're talking $250 billion worth of programmatic reductions from the 1986 base line.

That is a very significant reduction for expectations at the end of Secretary Weinberger's term to the end of the first year of Secretary Carlucci's term.

Senator EXON. What you are telling me, then, Mr. Glaister, is you think things are pretty well in hand, then, with regard to meeting what would be the national defense share of the necessary reductions that might have to be made through a difficult process? You think things are pretty well in hand?

Mr. GLAISTER. I think things are fairly well in hand to enable the Secretary to get to a 2 percent growth for the next 5 years in January, which is the current planning to transmit to the Congress.

That does not mean it has been a series of easy decisions. They have been extremely difficult decisions, trying to keep the Secretary's priorities in terms of readiness, adequate compensation for the military, strategic and conventional modernization and adequate technology base, and do all of these things without changing commitments.

He has had an extremely tough job in the first year in the chair, and we have seen the results of tough decisions with respect to what was accomplished during the summer program review. You will see more of it in terms of the decisions that have to be made between now and January, when this budget comes up.

Senator EXON. That is good news and I hope it works out that way.

I understand that later today, supposedly in the interests of saving money and I suspect it probably will, there is going to be an announcement out of the White House, strangely enough in an election period, about a program that has been very "black".

The reason for that, as I understand it, is that, among other things, the military has felt that this should not have been "black" as long as it has been, and that the longer we keep programs in the "black" category, the more the expenses increased dramatically.

Is that true, that it costs us a considerable amount more to procure in a "black" program rather than an open program?

Mr. GLAISTER. Senator Exon, you might find it strange, but in my previous capacities I have not been read into the "black" programs.

Senator EXON. You what?

Mr. GLAISTER. I have not been read into the "black" programs. I have not had access to that information. I am in the process now of being read in. I have completed the briefings on the Army and the Navy, but have not on the Air Force. That is yet to occur. It should occur in the next week or so. I could not comment on them.

Senator EXON. You probably do not have any knowledge whatsoever of what I am talking about.

Mr. GLAISTER. No, I do not, sir.

Senator EXON. Do you have any basic feeling from the "black" programs that you have looked at thus far, that "black" programs are significantly more expensive, procurement-wise, than non-"black" programs?

Mr. GLAISTER. I have never heard them characterized that way, Senator Exon.

Senator EXON. I thank you very much. My time is up. Thank you, Mr. Chairman.

Chairman NUNN. Let me pursue this Five Year Defense Program a little bit more. I believe you indicated in discussions that the FYDP was contained in computer data base, and that this data base was updated periodically to reflect congressional action and other decisions. Is that right?

Mr. GLAISTER. Yes, that is correct.

Chairman NUNN. Then would it be possible for a Five Year Defense Program to be printed after September of 1986 and sent to the Congress? Would that have been possible?

Mr. GLAISTER. Excuse me, after September of 1986?

Chairman NUNN. Yes.

Mr. GLAISTER. Yes, it would have been possible to print the data base and send it to the Congress. Whether or not the Secretary would have represented that as his approved program, I seriously doubt and whether or not—and I am not a lawyer—from a legal point of view it would have been in compliance with section 1203, I doubt since it specifies the Five Year Defense Program upon which the Secretary has based his budget.

Chairman NUNN. The General Accounting Office, as you know, has contacted your office a number of times seeking a Five Year Defense Program and additional data and information about when it is coming up. Are you familiar with that GAO request to your office?

Mr. GLAISTER. I have received one letter. They have phoned a number of times and talked to various people. I have in my receipt one letter. They would like access to the Five Year Defense Program data base.

Chairman NUNN. I have a chronology here of 15 contacts from June of 1988 through September of 1988. Fifteen times they called your office, and each time they either talked to—there was letter delivered to you June 30, 1988, and then they talked to Mr. Conroy.

On July 7 they talked to Cindy Kendall, Deputy Director of Programs and Financial Control, Mr. Conroy's deputy on July 11. They talked on July 19 to Mr. Tim Jackson. They talked on August 8 to Mr. Jackson. They called Captain Putnam on August 8 again, explaining the letter. Called Mr. Conroy on August 9. Called Captain Putnam on August the 10.

Mr. Putnam said he would call back on the 10th after talking to you. On the 18th he had not called back and Wiggins again called Putnum. Then on April 18, Wiggins from GAO called Captain Prout, and then on August 30, Mr. Wiggins called General Goodberry. On September 20 General Goodberry had not responded.

Mr. Wiggins called Captain Prout and on September 20, Captain Prout called Jim Wiggins and said our request had been dead in the water down in Glaister's office. He said that Captain Putnum down in Glaister's office would be contacting us on the status of our request. So, frankly the General Accounting Office feels they have been given the runaround by your office for about 3½ months in trying to get legitimate congressional information.

Are you responsible for that or is that a higher level? Are you carrying out orders from a higher level?

Mr. GLAISTER. This whole question is certainly a question of major policy significance. The Five Year Defense Program has had extremely little official external visibility, external to the administration.

Chairman NUNN. Historically?

Mr. GLAISTER. Historically. The controversy dates back over many, many years, and only until the recent enactment of section 1203 did the Secretary and the Deputy Secretary acknowledge that the law is the law, and they would have to comply.

I am familiar with the fact that many inquiries have been made by GAO staff as to the status of the letter. I believe I am correct in characterizing all of the phone calls that you ran through as inquiries as to whether or not a decision had been made to release the data base.

Now, I can come to the heart of your question. It is no less a major defense policy decision to release the FYDP data base to the GAO than whether or not the September 1986 FYDP represents the last FYDP that the Secretary would acknowledge as his approved program.

I think it is fair to say I was not aware until a matter of a few days ago that you had requested the GAO to perform some analysis for you off of a data base that would predate next January's FYDP submission.

The feeling of the Department was there was ample time to deal with the broader question of what the Congress would accept in the way of the latest Five Year Defense Program before it got into the question of how do we protect access to the FYDP if it goes beyond the committees of the Congress.

I do not think there is any question in anybody's mind in the Department of Defense, certainly not Secretary Taft or myself, that if you have requested the GAO to perform analysis for you and that requires them to have the FYDP data base, we would provide it.

Secretary Taft plans to discuss protection of the FYDP data base from unauthorized users with Comptroller General Bowsher. I do not know that such a meeting has been worked out yet, but I do know he plans to have such a conversation with Mr. Bowsher.

Chairman NUNN. I guess my question is during this whole thing, did you think this was a policy decision, and were you carrying out the policy of higher levels of the Department of Defense?

Mr. GLAISTER. Yes, sir, no question about it.

Chairman NUNN. Who were you dealing with?

Mr. GLAISTER. Principally Secretary Taft.

Chairman NUNN. So, you were not taking it on yourself, then, to deny this information. You were carrying out policy of higher authority?

Mr. GLAISTER. As a Deputy Assistant Secretary or Principal Comptroller, I do not have such policy authority.

Chairman NUNN. Do you have something in writing that gives a directive from Secretary Taft to you as to what you should do in terms of making these responses?

Mr. GLAISTER. No, sir.

Chairman NUNN. What is it, just oral?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. But you clearly asked him whether you were to turn this information over to the GAO and otherwise, and he said no?

Mr. GLAISTER. It was not that direct. The response was he had planned to talk to Comptroller General Bowsher with respect to confining the access and use of the data base to the work you had asked the GAO to perform as opposed to having it show up periodically on the front of the newspaper indicating that another report was issued claiming this or that, and so he felt very strongly that you would want the Five Year Defense Program protected from unauthorized users as much as the Department would.

That is an assumption on my part. Excuse me, I did not mean to infer that there was such a conversation with the committees.

If I might, the Zettl case, for example, started with the Five Year Defense Program, and I was subpoenaed as a witness in that case, which has never really come to trial. But the Five Year Defense Program data base access is a key element in that case.

Chairman NUNN. Let me close out this round of questioning on this one. Last week Secretary Taft indicated, I think, in informal conversations that he did not think that he would bother to update the September, 1986, FYDP because he thought the overall top level funding in each year was unrealistically high.

Did you indicate a few minutes ago that you and Secretary Taft both held that view?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. Did you share the view that there was no need to update it since it was unrealistically high at the top line?

Mr. GLAISTER. It was not a question of no need to update it. It was a question of inadequate time and the desire not to do a quick job, but let the PPBS cycle unfold throughout the coming summer months.

Chairman NUNN. What does it mean when the Department of Defense—how important is the Five Year Defense Program in the overall scheme of things in the Department of Defense budgetary-wise and strategy-wise and planning-wise? How important is it?

Mr. GLAISTER. Well, it is extremely important to the Department. I would say that we would probably not have been able to provide you with the quality or the speed of the 1989 amendment which took $33 billion from the previous iteration, the biennial budget for 1988 and 1989.

Once the bipartisan budget agreement was completed on November 20 until we sent a budget to you the following February, there is just no way the Department could have sent you the quality and timeliness that it did, without having the Five Year Defense Program as a base, a starting point. A set of numbers representing secretarial defense policy decisions, programmatic decisions, and a single set of numbers so that there is no dispute where the starting point is.

Chairman NUNN. Well, it would appear from all of this that basically for 2 years the Department of Defense operated without a coherent, realistic, long-term funding plan. Is that the right assessment to conclude or the wrong one?

Senator WARNER. Mr. Chairman, I think your question is with a FYDP, or——

Chairman NUNN. FYDP.

Mr. GLAISTER. The September, 1986, FYDP was the base line for the very tough decisions that had to be made throughout the summer months.

Chairman NUNN. But it was not a realistic base line.

Mr. GLAISTER. Yes, it was not realistic from the standpoint of the——

Chairman NUNN. I guess what I am getting at, you said the Five-Year Defense Program is very important for the Department of Defense and yet we have here a 2-year period where you had an unrealistic Five-Year Defense Program. What are the consequences of operating a department for 2 years of this magnitude without a Five-Year Defense Program that is realistic and that is coherent?

Mr. GLAISTER. If I might, I think there are two questions there. Please correct me if I am wrong.

If you go to a full biennial PPBS cycle, de facto you are going to a FYDP approved by the Sercretary of Defense every 2 years, just as you are going to a budget approved by the Secretary of Defense every 2 years.

The Secretary and the Deputy Secretary have already made that choice in compliance with the authorization act requirement for a biennial budget and setting the stage for a cycle that would produce another biennial budget and Five Year Defense Program 2 years hence.

The Department did not see a problem with a 2-year span of time in the absence of a new Five Year Defense Program. They had the base line, they had the focus of attention on what program were in or out, they knew what the President's top line was, and they had the, if you will forgive my choice of words, the luxury of a year to have the Defense Resources Board and all the Secretary's principal advisors, the CINC's, advise him with respect to priorities and the programs that should be retained in the Five Year Defense Program, and those which had to be forced out simply because of the reality of lack of funding.

He felt he could not do that in a hurry in January, and he did not anticipate this whole issue over the FYDP. So, the decisions were pretty well cast before the issue developed of accessibility or releasability or utilization by the GAO and others of a 2-year-old data base.

Chairman NUNN. Senator Warner.

Senator WARNER. First, I wonder if the record might reflect in my earlier colloquy with the witness the fact that this Senator observes that the memorandum which was Exhibit A was written in January of 1987, and the Congress did not pass section 1203 until late that fall in 1987.

Mr. GLAISTER. Thank you, Senator. That is a very, very critically important point as was the point I made earlier that this all took place before the correspondence between Senator Weicker and the Inspector General and Senator Weicker and the Secretary of Defense.

Chairman NUNN. I think that is an important point. I appreciate you clarifying it.

Senator WARNER. Mr. Chairman, Senator Weicker, through the committee, would lodge the request that the data that was attached to this Exhibit A be provided incomplete to the committee for examination.

Mr. GLAISTER. It has. It was one of the two documents that Senator Nunn held up.

Senator WARNER. I think this is but a part of a larger set of documents, is it not? This is one part.

Mr. GLAISTER. That is the RDT&E part that you just referred to as being attached to the memo.

Senator WARNER. But is this not a part of a larger collection of documents?

Mr. GLAISTER. Yes. There is the second one in Senator Nunn's hand, the entire procurement section of the Five Year Defense Program.

Senator WARNER. Are there other parts to this, then?

Mr. GLAISTER. There is a construction part, but it has no out year data. Construction is by project and only for the budget year, and then there is the basic Five Year Defense Program document that encompasses everything military personnel, retired pay, operations and maintenance which was not published in January 1987.

Senator WARNER. I put the request to the Chair and put it to the witness or I will put it to the witness and then you and the Secretary find out about it.

Let me just give you a little advice. First, I think you are eminently qualified and we would be fortunate as a country to have you in this position, but you are where you are, pragmatically speaking, caught between a rock and a hard spot, and I think the chairman was correct. The best advice I ever got was from an old first sergeant I had, who used to repeatedly say to me, "Lieutenant, this is above my pay grade. You solve it."

You have got to sit down with your Secretary and your Deputy Secretary and your General Counsel and look at the questions for executive privilege, the extent to which the internal working documents of the Department of the Federal Government can be made available to the Congress.

All of these questions should be reviewed. It seems to me that your nomination may well hinge on some of those replies. I do not know. I am not going to make that observation yet, but it could well. I wish you luck.

I do not think I have any further questions for the witness, Mr. Chairman.

Mr. GLAISTER. I greatly appreciate that.

Chairman NUNN. Mr. Glaister, do you believe that the Congress should receive and review the Department's Five Year Defense Program?

Mr. GLAISTER. Well, first of all, I have a duty and a responsibility to respect the policy decisions of the Secretary of Defense, but I also know that section 1203 is the law. It requires the Five Year Defense Program to be submitted to the Congress. The Secretary has every intention of complying with the law. I certainly have every intention of giving my full attention and energies and priorities to PPBS which has been my life's work since 1961.

Beyond that, my basic philosophy in the budget world is that, as the budget proceeds through its very complex series of processes, it is always incumbent upon those requesting to defend their budget.

For example, the military departments and defense agencies submit their budget to the Office of the Secretary of Defense. I am the principal responsible for bringing that process together and presenting alternatives and options to the Secretary for his choice and decision. Therefore, it is my opinion that it is incumbent upon the services to defend their budget and provide whatever information is necessary to do so.

Likewise, once the Secretary approves his budget and transmits it to you, the Congress, it is incumbent upon the Department of Defense to provide every reasonable, available piece of information with which to justify a request for authorization and appropriations. It is that simple.

Chairman NUNN. We have asked the General Accounting Office to help us review the Five Year Defense Program. Will you make sure that once the Five Year Defense Program has been released to the Congress, the GAO has access to the computer tapes that are necessary for the examination?

Mr. GLAISTER. I certainly would, assuming that the Secretary has no difficulty with that from a policy point of view, and I do not believe he would. I believe it is a natural extension of section 1203.

Chairman NUNN. Mr. Glaister, earlier this year Secretary Carlucci testified that $300 billion, I believe that was the number, would have to be cut out of the September, 1986, Five-Year Defense Program to bring it in line with the President's fiscal year 1989 5-year spending projections. Is that generally correct, about $300 billion?

Mr. GLAISTER. If you take it from 1988 to 1991, which was, I believe, the time frame discussed at that time, it was $250 billion. If you would take it beyond 1991, obviously the number gets larger.

Chairman NUNN. Where do we stand right now as we sit here based on the last benchmark, and you can tell me what that benchmark is. How much more has to be cut out to get down to the President's level of projections over the next 5 years?

Mr. GLAISTER. Considering that we have already completed the planning phase which involved giving the military departments new planning guidance and new fiscal guidance, we have finished the summer program review which involved a review of the service proposals to comply with that planning guidance and are now engaged in the budget process.

I think the Secretary has made remarkable progress. My own personal estimate is that in 1990 through 1994, each one of those years is approximately $6–$8 billion above the President's top line. That is certainly within the range of what we can scrub out during the budget process.

Chairman NUNN. What is your benchmark for that $6 to $8 billion above the top line?

Mr. GLAISTER. The program decision memoranda, sir, that resulted from the summer program review.

Chairman NUNN. So, you have done enough budget scrubbing internally that is not reflected yet in this document, right?

Mr. GLAISTER. That is correct. That is the whole crux of the issue, sir.

Chairman NUNN. It is not in your document you were talking about.

Mr. GLAISTER. That is correct.

Chairman NUNN. But what you have done right now would indicate that you are $6 to $8 billion above the President's budget in each of the next 4 fiscal years?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. And that is assuming 2 percent real growth above inflation for that period of time?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. Now, if you assume no real growth, simply last year's budget plus inflation for that period of time, how would those figures then be changed?

Mr. GLAISTER. For the period 1990 through 1994 off the base line of the authorization and appropriation acts just enacted, we are talking $148 billion for inflation, just enough to qualify for a real freeze. And 2 percent growth on top of that would be for the 5-year period $103 billion.

Chairman NUNN. $103 billion?

Mr. GLAISTER. Yes, sir. That's compounded for 5 years at 2 percent.

Chairman NUNN. So, if my numbers are correct, $103 billion plus $30 to $40 billion, you say $6 to $8 billion is the present overage. Multiplying that by five, $30–$40 billion, so you are talking about somewhere between $133 billion and $143 billion additional will have to come out of the Five-Year Defense Program that has already been cut very substantially internally, but we do not have it yet, in order to get to no real growth, is that right?

Mr. GLAISTER. That is pretty good arithmetic.

Chairman NUNN. What is the general approach up to this point? Last year Secretary Carlucci was willing for the force structure to go down in order to protect the modernization program to the extent possible and the readiness and sustainability of the personnel and so forth. Are those still the rules you are generally operating off of without getting into the line items? What is the guidance right now?

Mr. GLAISTER. To the best of my knowledge, I cannot recall that there are any force structure changes, in the classic sense of what constitutes a force structure change, being considered at the moment.

Now, depending upon how difficult it is to get to 2 percent real growth from where we are right now, I am not suggesting that a force structure consideration will not arise and that a decision would not be made. But there are none on the table that I can think of right at the moment in terms of numbers of units, divisions, brigades, that sort of thing.

Chairman NUNN. Let me back up a minute and see if I understand. You said that $250 billion would have been the right number to have to come out of the September, 1986, FYDP in order to get to the President's new guidance, which was 2 percent real growth in 5 years, $250 billion.

Mr. GLAISTER. Yes, sir. Now, we took $49 billion out from that base line for 1988.

Chairman NUNN. All right. That is what I was going to ask you. Again, you got down to $6 to $8 billion over now. Tell me how you got there and what part of this we already know about and what part of it is still coming.

Mr. GLAISTER. Okay. In 1988, in order to get to the enacted level, $49 billion came out. That is a combination of changes that were made within the Department of Defense and changes that were made within the Congress.

In 1989 we took out $63 billion, and we did it the same way. In 1990 and 1991, $67 billion and $71 billion, respectively must come out. Those two figures are sitting right now, in my opinion, $6 to $8 billion above the 2 percent line, and that would hold true for 1992, 1993, and 1994, also.

Now, the extension of the force structure changes that were decided upon in the amended 1989 in response to the bipartisan budget agreement accounts for some portion of that. Program terminations extending into the out-years accounts for some portion of that.

The Secretary has been quite adamant about holding down new starts. So, there is a strata that one walks through both horizontally and vertically in order to arrive at how much of that job has been accomplished to date.

Chairman NUNN. Let me ask you one other question. These numbers are very helpful. Have you had any discussion about whether you will be designated as an Assistant Secretary of Defense if you are confirmed as Comptroller?

Mr. GLAISTER. My understanding is that the position would be afforded the precedence, rank, privileges and authorities of an Assistant Secretary. I believe it was an unfortunate circumstance that developed as a result of name change in the Goldwater-Nichols bill. It was not the Secretary's desire or decision to downgrade it.

When the circumstance was fully understood, it would have required a lengthy process to correct the nomination to Comptroller of the DOD and Assistant Secretary, and so in the interests of time with the Congress wanting to adjourn, the fix was not made.

Chairman NUNN. We understand from DOD to the White House, it was assumed to be Assistant Secretary of Defense-Comptroller, and between the White House and here it came up without the Assistant Secretary of Defense designation. Something happened.

Mr. GLAISTER Yes, sir. I was trying to avoid laying it at a particular doorstep, but that is my understanding of what happened. It was just simply, somebody picked up the Goldwater-Nichols bill, was very precise in getting the exact title, and was not familiar with the provision that this committee was instrumental in having put in there that the President may also designate the position as an Assistant Secretary. Because of their lack of familiarity with that, they did not raise the question, and the nomination was prepared and signed by the President as the DOD Comptroller.

Chairman NUNN. Senator Symms.

Senator SYMMS. No questions, Mr. Chairman. I am enjoying yours.

Chairman NUNN. Mr. Glaister, as you know, this year's Defense Authorization Act mandates that the Commander-in-Chief of the U.S. Special Operations Command be responsible for preparing the Program Objective Memorandum (POM) or budget proposals for Special Operations forces. Will you support this congressional initiative and will you work for its effective implementation?

Mr. GLAISTER. Mr. Chairman, it is extremely difficult to be in the Pentagon for 34 years and not be controversial in some issues, and this is one just like the Five-Year Defense Program. Because of my involvement in PPBS, I have been involved in this dialogue.

Again, major organizational changes within the Department and who submits a POM and a budget are major policy decisions. I have dialogued with Secretary Taft, Secretary Carlucci, Ambassador Whitehouse and others on this matter. I am aware of the issue, but, again, it simply is not within the authority of my position to make that decision.

Chairman NUNN. You will follow your directives, then, from a higher level on that?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. Mr. Glaister, do you agree if confirmed to respond to requests to appear and testify before any duly constituted committee of the Senate and to provide this committee with any and all information it requests to carry out its responsibilities to oversee national defense programs?

Mr. GLAISTER. I certainly would, yes, sir.

Chairman NUNN. Now, to put you between another rock and a hard spot, authorization and appropriations. What is your general view on the relationship between the two as you view it from the Department of Defense, and I will ask you a few questions on that.

Do you agree that an authorization pursuant to 10 U.S. Code 114 is necessary for the Department of Defense to conduct its normal business between operations, research, development, and procurement?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. Do you agree that the Department of Defense cannot obligate funds for an item that is appropriated in excess of a statutory authorization for that item?

Mr. GLAISTER. If I might, could you please read that again.

Chairman NUNN. Do you agree that the Department of Defense cannot obligate funds for an item that is appropriated in excess of a statutory authorization for that item?

Mr. GLAISTER. That is a very complex question. There is more to it than meets the eye.

I think I would answer it this way. The authorization bill provides lump sum authorizations at the account level under normal circumstances. The appropriations act provides lump sum appropriations at the account level under normal circumstances. To the extent that they are in agreement, obviously, there is no problem.

To the extent that the appropriations exceed the authorizations, we have been for the last 6 years successful in working with the committees until such time as there was an amicable resolution between the committees and between the committees and the Department.

As the Comptroller or as the budget officer or any of the other posts, which I have held, I have always held the view that circumstances go beyond the statute into the Congressional Record, the transcript of hearings, the entire legislative history of the issue. You might refer to that as congressional intent.

My view is when there is controversy over what is the Congress' intent, the Comptroller should withhold the money and not allow obligations and expenditures to be incurred and then to proceed to work with the committees, understand what the specifics of the issue are, and attempt to resolve them.

In the case of appropriated not authorized, essentially we have been able to do that. We have dialogued back and forth with the committees repeatedly. Each year we have had the circumstance, and it has always been resolved to the committees' satisfaction.

I have always withheld the money. The bulk of the money is in investment accounts, RDT&E is available for 2 years for obligational purposes and procurement for 3 years. So, I do not see any sense of urgency to rush out and award contracts until it is quite clear what the intent of the Congress is and that the Congress agrees with the solution or the resolution of the issue.

Chairman NUNN. I think that is a good answer coming from between a rock and a hard spot.

Let me just ask you this approach. In the past, and I think you just alluded to that in the past when there have been line items in the Appropriations Conference Report Statement of Managers which exceeded the level contained in the authorization conference report statement of managers, the Secretary of Defense has sought the approval of the Armed Services Committees before obligating funds for these programs. Do you believe this is the correct approach?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. Do you support continuing this practice and would you recommend, if asked, that the next Secretary of Defense follow this course?

Mr. GLAISTER. Yes, sir.

Chairman NUNN. All right.

Two things. One, is Senator Weicker would like to submit questions for the record, and we would ask him—he is in Connecticut and could not be here this morning, although he was invited to participate, and we have asked him to get those to us this afternoon because of the time element involved here. I would appreciate it if you would check back with us this afternoon, and we will get staff to get those and get those answers to us and to him as soon as you can.

Mr. GLAISTER. Yes, sir.

Chairman NUNN. The other is I would suggest, and I will do this also, but if you could do it, I suggest you and Mr. Taft sit down with Mr. Bowsher over at GAO and try to—as soon as possible because I understand that there has been some real problem here—and try to get some understanding and ground rules about the Five Year Defense Program.

Because if we are going to utilize that information in a meaningful way, we are going to have to have the help of the General Accounting Office, and they have been rather frustrated in dealing with your office, whether it is policy or whether it is some other decision. So I would appreciate if you would try to get with Mr. Bowsher and ask Mr. Taft to and if I need to follow up, I will be glad to do that.

Mr. GLAISTER. All right. I should point out, however, that Mr. Taft is out of town and will not return until Tuesday or Wednesday of next week.

Chairman NUNN. Well, perhaps you could seek approval from your other higher authorities and go ahead and take an initiative before he gets back. I think that would be helpful.

Mr. GLAISTER. May I ask you a question, sir.

Chairman NUNN. Certainly.

Mr. GLAISTER. I presume that it is your intent that the GAO have immediate access to the September, 1986, FYDP data base?

Chairman NUNN. Yes.

Mr. GLAISTER. I do not think that is a problem. I think the main thing that Secretary Taft wanted to discuss with Mr. Bowsher was the control and access question.

Chairman NUNN. It would be helpful to us to have that take place as soon as possible.

I also understand they need the January 1987 information to comply with requests that we have already made of them on certain programs.

Mr. GLAISTER. I assume that since the Department has provided it to you, there would not be a problem there.

Chairman NUNN. Well, would you check with Mr. Bowsher and see if we cannot get all of this straightened out as soon as possible? Today, if at all possible.

Mr. GLAISTER. All right.

Chairman NUNN. Thank you very much and I appreciate your being here, and we appreciate your career and all you have done over the years. We are caught in a difficult position in a lot of respects. It is a tough position, a very important position. It is going to continue to be difficult.

We never have had a Five Year Defense Program which was as important as it is now because we are in the midst of change. We are in a situation where one Secretary of Defense basically let a Five Year Defense Program become extremely unrealistic, unplugged to reality as far as Congress was concerned, and really unplugged to reality as far as his own President and his future plans were concerned, and then we have another Secretary of Defense coming in for a very brief period of time doing a tough, hard, and I think commendable job under the circumstances, and we have a new administration come in in January, and we have got a fiscal picture that does not support the kind of expenditures that we had planned in defense. For all of those reasons unless Congress does get information on this, we cannot make rational decisions.

I know you have been looking at it from the executive branch point of view for all these years, but both Congress and the executive branch have an extremely important role to play here, and next year when we begin the debate on the defense budget, we are going to have to have more contact with your office than ever before.

We have always dealt in broader terms, appropriators have dealt with the Comptroller more, but at this stage we are all going to have to deal with you, and we are going to have to see where we are going over the long haul because the Five Year Defense Program is simply not supportable by the fiscal reality now, and that means decisions we make have to be based on the longer term. We have to pay a lot more heed to that in the future. So, cooperation between this committee and your office, if you are confirmed, are going to be enormously important.

Mr. GLAISTER. Well, the issues notwithstanding, I am hopeful and I look forward to working with Mr. Punaro and Mr. Smith and others of the staff. It has been a good relationship in the past, and I have no doubt that it will continue to be in the future.

Chairman NUNN. Thank you. We appreciate your bringing your family today. You have every right to be proud.

He is in a tough job over there. Thank you.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR SAM NUNN

Senator NUNN. Mr. Glaister, I know that some elements of the Department of Defense viewed as unclear the legislative intent of section 712 of the National Defense Authorization Act for Fiscal Year 1989, dealing with the responsibility and authority of the commander of the special operations command. On September 28, when the Senate and House of Representatives passed a revised defense authorization act, Senator Cohen, Congressman Hutto, and I took the opportunity to clarify the legislative intent of section 712 with regard to the budget preparation and execution responsibilities of the Commander of the Special Operations Command.

Do you now clearly understand that section 712 mandates that the Commander of the Special Operations Command is to prepare the Program Objectives Memorandum for all Special Operations Forces and for other forces assigned to the Special Operations Command?

Mr. GLAISTER. The Congressional Record of September 28, 1988, very clearly indicates your views on this matter. I must defer to the General Counsel on exactly what section 712 mandates and to the Secretary of Defense policy decisions to the extent he has discretion in this matter.

Senator NUNN. With the clarification of the legislative intent of section 712, has the policy dispute in the Pentagon on the preparation of the Program Objective Memorandum by the Commander of the Special Operations Command been fully settled?

Mr. GLAISTER. I am not aware of any discussion and/or decision subsequent to the Congressional Record of September 28, 1988.

Senator NUNN. If you are confirmed as Comptroller of the Department of Defense, will you fully comply with this requirement of the law and work to ensure its effective implementation?

Mr. GLAISTER. Yes I will always comply with the law and I will always implement policy decisions in accordance with the law as effectively as possible.

QUESTIONS SUBMITTED BY SENATOR LOWELL WEICKER

Senator WEICKER. Mr. Glaister, please provide the committee with all the documents referenced in your January 13, 1987 memorandum making distribution of the January 1987 FYDP, including the Summary and Program Element Detail publication mentioned in the second paragraph.

Mr. GLAISTER. As the Principal Deputy Assistant Secretary (Comptroller) I do not have the authority to make such a release. The Deputy Secretary of Defense has the authority to make such a policy decision. In his September 25, 1988 memorandum to Chairman Nunn he explained why he did not release other "pieces" of the FYDP data base. A copy of that letter is on page 279.

Senator WEICKER. Are you willing to provide the same information and all future FYDP's to the General Accounting Office (GAO) in "machine readable format?"

Mr. GLAISTER. This is a majority policy decision which the Deputy Secretary of Defense has instructed me only he can make.

Senator WEICKER. Why has your office failed to respond to the GAO's June 30, 1988, letter concerning access to the FYDP in a timely manner. Repeated inquiries from the GAO on the status of your response have gone unanswered. When do you expect to resolve the issue and answer the GAO letter?

Mr. GLAISTER. The GAO request has been under consideration by the Deputy Secretary of Defense as a part of the implementation of section 1203 of the DOD Authorization Act. The Deputy Secretary has assumed the responsibility for this policy decision and plans to discuss the matter, upon his return from Europe, with Comptroller General Bowsher.

In the meantime I spoke to Mr. Bowsher at great length on October 4, 1988, to explain Mr. Taft's position and to seek his agreement to discuss this matter with Mr. Taft upon his return. Mr. Bowsher agreed to such a meeting.

Once this meeting has occurred I assume Mr. Taft will inform me of his decision enabling me to develop an appropriate response.

As inquiries were received from GAO employees regarding the status of their request, they were advised that a policy decision was being developed. The GAO request was for machine readable format of future FYDP submissions. Since a future submission is required not later than April 1, 1989, there did not appear to be any apparent sense of urgency.

[Whereupon, at 10:20 a.m., the committee was adjourned.]

[The nomination of Clyde Glaister was reported to the Senate by Senator Nunn on October 13, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 14, 1988.]

NOMINATION OF KAREN R. KEESLING TO BE ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER AND RESERVE AFFAIRS

TUESDAY, OCTOBER 11, 1988

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 2:38 p.m., in room SR-222, Russell Senate Office Building, Senator John Glenn presiding.

Present: Senator Glenn.

Staff present: Andrew S. Effron, general counsel; Patrick A. Tucker, minority counsel; George K. Johnson, Jr., Frederick F.Y. Pang, and Patricia L. Watson, professional staff members; and Barbara L. Braucht, staff assistant.

Also present: Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR JOHN GLENN, PRESIDING

Senator Glenn. The hearing will be in order.

The Committee on Armed Services meets today to consider the nomination of Ms. Karen R. Keesling, to be the Assistant Secretary of the Air Force for Manpower and Reserve Affairs.

Ms. Keesling currently holds the position of Principal Deputy Assistant Secretary of the Air Force for Manpower and Reserve Affairs, so she will be moving up to the top position if she is confirmed.

According to her biographic sketch, Ms. Keesling has held a variety of jobs in the Air Force Secretariat related to manpower since 1981. So we have a nominee who brings with her a history of corporate knowledge of the job for which she has been nominated.

Based on a review of the paperwork and record, I see no impediment to her confirmation by the Senate.

Ms. Keesling will be taking over a very important job at a very important point in time. I say this because we have required the Department of Defense to submit to us, by December 1 of this year, two very important reports. One deals with the management and compensation of aviators, and the other with the management and compensation of health professionals.

These reports, which I trust will deal with these two issues comprehensively, will be crucial to the actions we take next year to address retention problems in both areas.

I understand that Ms. Keesling is on the DOD Steering Committee for both efforts, so I want to make sure that she knows how much importance I place on them.

What I do not want to see happen is another piecemeal, ill-defined proposal, such as we received earlier this year, which advocated an aviator bonus in isolation of personnel management and other compensation options. In fact, it was pushed through reluctantly. I might add that after we had scaled down the funding for the bonus on this committee, there was a decided attempt made to get it back up in the appropriations process, which I certainly did not appreciate—that is, trying to make an end-run on us when we had asked for a study on the whole matter.

That was not your doing, I understand. It came from different quarters. But we really did not appreciate that.

Obviously, the efforts that DOD has underway at our direction will have a substantial effect on Air Force personnel.

So I will be interested in hearing from our witness on her evaluation of what we can expect.

I will have some questions on this and other areas following any opening statement that Ms. Keesling may have.

At this time, I want to welcome you, Ms. Keesling. We are pleased to have you with us here today.

Despite the fact that time is running out on this administration, there still is very, very much to do. You already have the corporate knowledge and background and are already engaged in the process. So it gives me much more confidence than I would normally have for this particular appointment.

I look forward to working with you.

[The nomination reference of Karen Keesling follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
September 8, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Karen R. Keesling, of Virginia, to be an Assistant Secretary of the Air Force, vice Tidal W. McCoy, resigned.

[The biographical sketch of Karen R. Keesling, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF KAREN R. KEESLING

Karen R. Keesling is the Principal Deputy Assistant Secretary of the Air Force for Manpower and Reserve Affairs. She is responsible for management and policy direction over all matters pertaining to the formulation, review, and execution of plans and programs related to manpower, military and civilian personnel, and Reserve and Guard forces for the Air Force.

Ms. Keesling was born July 9, 1946 in Wichita, Kansas. She received a bachelor's degree in 1968 and a master's degree in 1970, both from Arizona State University. She received a juris doctorate in 1981 from Georgetown University Law Center.

Beginning in 1970, Ms. Keesling served as assistant dean of women at the University of Kansas. In 1972, she became executive secretary for the Secretary's Advisory Committee on the Rights and Responsibilities of Women at the Department of Health, Education, and Welfare, Washington, D.C.

From 1974 to 1977, she served as the Director of the White House Office of Women's Programs. Ms. Keesling was head of the Civil Rights and Equal Opportunity Section, Government Division, Congressional Research Service, at the Library of Congress from 1977 to 1980. She then became a legislative aide to Senator Nancy

Landon Kassebaum (R-Kansas) and served as the senator's staff member on the Senate Budget Committee.

From July 1981 to March 1982, she was the Deputy for Equal Opportunity and Director of Equal Employment Opportunity. She served as Deputy Assistant Secretary for Manpower Resources and Military Personnel from March 1982 to September 1983. She then served as principal Deputy Assistant Secretary for Manpower, Reserve Affairs, and Installations. In March 1987, she became Principal Deputy Assistant Secretary for Readiness Support. Ms. Keesling assumed her present duties in June 1988.

Her civic and organizational activities include membership in the National Federation of Business and Professional Women's Clubs, Inc., the Virginia State Bar, and the Florida State Bar.

Ms. Keesling was named one of the Ten Outstanding Young Women of America in 1975. She received the Arizona State Univeristy Alumni Achievement Award in 1976, the Women's Equity Action League Elizabeth Boyer Award in 1986, the Air Force Meritorious Civilian Service Award in 1987, and the Woman of Distinction Award from the National Conference for College Women Student Leaders and Women of Distinction in 1988.

Ms. Keesling was the Kansas Women's Golf Champion in 1966, Wichita Women's Champion in 1968 and 1970, and the Outstanding Woman Golfer in Kansas in 1966.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Karen R. Keesling in connection with her nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR–228

Washington, DC 20510–6050

(202) 224–3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUIRED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE. Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A–9, B–4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTION TO THE NOMINEE: Biographical information funished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used).
Karen R. Keesling.

2. **Position to which nominated:**
Assistant Secretary of the Air Force (Manpower and Reserve Affairs).

3. **Date of nomination:**
8 September, 1988.

Address: (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
July 9, 1946, Wichita, Kansas.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Single.

7. **Names and ages of children:**
None.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Southeast High School, Wichita, Kansas, 1961-64—Graduated May, 1964.
Wichita State University, Wichita, Kansas, Summer of 1967.
Arizona State University, Tempe, Arizona, 1964-1970, B.A. in May, 1968, M.A. in May 1970.
Georgetown University Law Center, Washington, DC, 1977-81, J.D.—June, 1981.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
Principal Deputy Assistant Secretary (Manpower and Reserve Affairs), Department of the Air Force, The Pentagon, Washington, DC, June, 1988—present.
Principal Deputy Assistant Secretary (Readiness Support), Department of the Air Force, The Pentagon, Washington, DC, March, 1987-June, 1988.
Principal Deputy Assistant Secretary (Manpower, Reserve Affairs and Installations), Department of the Air Force, The Pentagon, Washington, DC, September, 1983-March 1987.
Deputy Assistant Secretary (Manpower Resources and Military Personnel), Department of the Air Force, The Pentagon, Washington, DC, March, 1982-September, 1983.
Deputy for Equal Opportunity and Director of Equal Employment Opportunity, Department of the Air Force, The Pentagon, Washington, DC, July, 1981-March, 1982.
Self-employed, Attorney, Falls Church, VA, June, 1981—present.
Unemployed, January, 1981-June, 1981.
Personnel Office, Office of the Present-Elect, Washington, DC, January, 1981.
Legislative Aide, Senator Nancy Kassebaum, Washington, DC, January, 1979-January, 1981.
Analyst, Congressional Research Service, Library of Congress, Washington, DC, January, 1977-January, 1979.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
Director, Office of Women's Programs, Executive Office of the President, Washington, DC, July, 1974-January, 1977.
Executive Secretary, Secretary's Advisory Committee on the Rights and Responsibilities of Women, Department of Health, Education and Welfare, Washington, DC November, 1972-July, 1974.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
First Vice President, Virginia Federation of Business and Professional Women's Clubs, Inc.
First Vice President, Virginia Business and Professional Women's Foundation, Inc.
Secretary/Treasurer, IWD, Inc.
Director/General Counsel, U.S. Committee for UN Voluntary Fund for Women, Inc.
Attorney, Karen R. Keesling, Attorney at Law.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.
First Vice President, Virginia Federation of Business and Professional Women's Clubs, Inc.
First Vice President, Virginia Business and Professional Women's Foundation, Inc.
Director, General Counsel, U.S. Committee for UN Voluntary Fund for Women, Inc.
Member, National Federation of Business and Professional Women's Clubs, Inc.
Member, Falls Church Business and Professional Women's Club.
Member, Virginia Women Attorney's Association.
Member, Pi Beta Phi Alumnae.

Member, P.E.O.
Member, Executive Women in Government.
Member, Women in Defense.
Member, The Washington Forum.
Member, Virginia State Bar.
Member, Florida State Bar.
Member, Fairfax County Bar Association.
Member, Women's Equity Action League.
Member, National Women's Political Caucus.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Band Scholarship to Arizona State University.
Academic Scholarship to Arizona State University.
Teaching Fellowship to Arizona State University.
Mortar Board.
Woman of the Year, Falls Church Business & Professional Women's Club.
One of the Ten Outstanding Young Women of America.
Arizona State University Alumni Achievement Award.
Women's Equity Action League Elizabeth Boyer Award.
Woman of Distinction Award.
Meritorious Civilian Service Award from Department of the Air Force.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Women Presidential Appointees Serving or Having Served in Full-Time Positions Requiring Senate Conformation, 1912–1977, Congressional Research Service, Library of Congress, March 23, 1978.

Women's Rights Legislation Enacted During the First Session of the 95th Congress, Congressional Research Service, Library of Congress, April 13, 1978.

Selected Women's Rights Legislation Enacted Between 1919–1976, Congressional Research Service, Library of Congress, May 2, 1978.

The Proposed Equal Rights Amendment, Congressional Research Service, Library of Congress, January 2, 1979.

Women's Rights Legislation Enacted by the 95th Congress, Congressional Research Service, Library of Congress, January 15, 1979.

Women in the United States Congress, Congressional Research Service, Library of Congress, February 14, 1979.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Retained in committee files are four speeches (two copies each) I delivered during the last 5 years relevant to the position for which I have been nominated.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Because of my experience since 1981 with the manpower and reserve affairs functions of the Department of the Air Force.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My positions held since 1981 with the Department of the Air Force listed in my answer to question 9.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE. Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Karen R. Keesling.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

This 12th day of September 1988.

KAREN R. KEESLING.

Senator **GLENN**. Before we ask any questions of you, I would like to ask if there are any opening remarks that you would like to make.

STATEMENT OF KAREN R. KEESLING, NOMINEE FOR ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER AND RESERVE AFFAIRS

Ms. **KEESLING**. Thank you very much, Senator. It is a pleasure to be here. I thank you very much, as time is running out in the Congress, for having my hearing today.

I look forward to working with you because I agree with you that we do have a lot to do in the aviation study and the health professional study.

Senator **GLENN**. Thank you.

Let me just start with what will be a very general question about the Total Force that I have been increasingly concerned about. Part of your job now is in the Reserve affairs area. I am truly concerned about much of the Reserve setup.

We started back some 14 or 15 years ago on the Total Force concept, where we turned certain functions over to the Reserves. We are dependent upon the Reserves. All you have to do is sit in on any of the war games and run through one of the scenarios where war starts, and you will begin to see very, very rapidly in the war gaming situation how dependent we are on the Reserves.

The Regulars are expected to take care of the initial impact of combat. But within 2 to 3 weeks, you have to have the Reserves there and fully working and doing their jobs.

Now, an area where we are very concerned about this is in the medical mission that has been assigned to the Reserves. That goes for all the different services, of course.

What I am building up to is this. I don't know whether over the next year or 2 years we should be looking to revise that whole Total Force concept and reassign the missions and roles within it. That may be something that may be part and parcel, or should be, of either one or both of the studies that we have commissioned the Department of Defense to get back to us on.

Do you have any comment on that?

Ms. KEESLING. Yes, Senator.

On the aviation study, there is a specific requirement to look at force mix within the Air Force, and so that will be a part of the study on the aviators. But in addition to that, our Air Force, our Air Reserve Forces Policy Committee, which reports to the Secretary of the Air Force, has taken it upon itself to also review our force mix and to see what kinds of things—first the process and then what other things perhaps—could go in the Reserve forces.

So I would just say to you that we are very much interested in looking at that and will have a group that, hopefully, will be reporting to me in November.

Senator GLENN. It's something that won't be just Air Force. I think, as we get into this, it is going to have to be DOD-wide on who does what and within each service, and what is assigned to Reserves, and what is not. It is going to be a big job, and I don't know but what it will be a year or two being studied and looked at. We are going to have to work very closely together.

Ms. KEESLING. I also sit on the OSD Reserve Forces Policy Board. About 3 years ago, I believe, we did have a study that they looked at at that time, and it may be time to get that one and look at it again.

LMI did a study as well in about the 1984–1985 timeframe.

Senator GLENN. The medical area is one that concerns me in particular. I don't recall the figures off the top of my head and I don't have them here on a paper, but we have assigned about 80 percent of the combat medical role to Reserves. And yet, right now, we are some 71 percent short—out of the 80 percent that we have assigned, we are 71 percent short of doctors, 66 percent short of nurses. That translates into something like 7,000 doctors short for DOD and 31,000 nurses short, I think it is.

It comes about as close to being a war stopper as anything we have in our whole military right now.

But that is for another time.

You are more concerned about the particular problem that the studies that we have ongoing right now show, and that is the Aviator Management and Compensation Study that I referred to. Would you give us your opinion of that at this point, as to what options we are going to have to consider.

Ms. KEESLING. Senator, we started meeting in July to look at the outline of that study and have been active participants from the Secretariat, as well as the uniformed side.

I cannot tell right now about all of the options. We have a Steering Group meeting later this week.

Originally, we had been trying to look at the requirements and trying to get a handle on the requirements. So that has been the first process. But the task force groups are working on looking not only at the bonus, but they are looking at the aviator career incentive pay, as well.

We are also looking at nonmonetary things. We have been looking across the services at things like assignment, family, PCS, promotions. So we are looking at a variety of things.

Senator GLENN. The study was to be DOD-wide. It is not just Air Force, with which you are primarily concerned. It was to be DOD-wide because we are somewhere between 1,000 and 1,300 Naval aviators short right now. The Air Force, I think, has a few hundred—200 or 250, something like that——

Ms. KEESLING. About 200.

Senator GLENN. But is expected to go up rapidly over the next few years. So, actually, the Navy is in worse shape right now. The Air Force problem is still coming.

We don't want just to move this around from one service to another, to give compensation to one service so the airlines will try to attract pilots out of a different service.

That is the reason we wanted this to be addressed DOD-wide.

Ms. KEESLING. It also includes, if I might add, the Army and the Marine Corps, even though they don't have a problem. But it includes all four of them.

Senator GLENN. Yes. We asked that it go clear across the board.

How about the Study on Management and Compensation of Health Professionals? What is our status on that?

Ms. KEESLING. We started on that one just a little bit later than on the aviation one—about the August timeframe. Again, the Navy already had a study that they had prepared, so that was a sort of starting point for all of the services.

We are looking at what is happening in the private sector and it is a little more complicated pay structure, as you are well aware, than on the pilot side. So we are looking at all four components of that.

Senator GLENN. It is going to be a tough one. I just hope very much that we can hit that December 1 deadline. That then gives us time to do some planning and studying over here on what you are proposing so that we can hit the ground running next year. I would like to get that whole thing behind us next year. I don't want to make this a permanent career study group over here or on the other side of the river. I want to get this thing solved because it is a combat effectiveness issue.

Ms. **Keesling**. You are correct.

We do have the end of this month set as a target date to be finished, because we also have a reporting requirement on the 15th of November on what we are going to do about 1989. So we anticipate no delay in that.

Senator **Glenn**. I read an article in a recent issue of the Air Force Times which reports that the Air Force is conducting a Selective Early Retirement Board, or SERB, for lieutenant colonels and colonels. The article quotes an Air Force Military Personnel Center official as saying—and this disturbed me a little bit—that a "decision to use the SERB was based on the continuing pressure of the congressionally mandated officer force reduction."

Now, I didn't think that quote was well-taken. I thought it was misinformed.

It is true that Congress mandated an officer reduction of 6 percent from the fiscal year 1980 level. This was in reaction to the excessive, unexplained growth of officer strength to total military strength since 1980. We had gotten down to about 1 officer to every 2½ or 3 enlisted personnel added, about 1 to every 3 in the case of the Air Force. The DOD has subsequently validated in a report it submitted to us in March of this year that our instinct over here, that the instinct of the Congress, was correct and that there had been excessive growth in officer strength.

In fact, in a subsequent letter, Mr. Grant Green, the Assistant Secretary of Defense for Force Management and Personnel indicated, and I quote, "As you remember, the fiscal 1988 Officer Requirements Report did not validate 7,733 of the officers added by the services from 1980 to 1986."

The letter went on further to indicate that, in addition to the reductions the Air Force had taken through 1988, the Air Force had identified 3,100 officer billets as excess to its needs and would remove these excesses in fiscal year 1989 and fiscal 1990.

The point then is that, while the Congress was the catalyst for the cuts referred to in the article, it was ultimately the Air Force that recognized its excesses and has now begun to trim them. The SERB is, therefore, a function of the Air Force trimming the fat from its officer force.

I might add that the SERB seems appropriate since it would help the Air Force remove some of the 250 Military Airlift Command colonels who were identified in excess in a letter that we made a matter of record at a hearing we had earlier this year.

Would you care to comment on this and tell us what you would do to correct such a misperception?

Ms. **Keesling**. Well, as soon as I find out who it is, I will be glad to discuss that with him.

I was not a part of the decision. I was out of the manpower business for about a year and a half. From what I have been reading, I know that we have agreed to make 2,400 officer reductions as far as force reductions, and 500 conversions in 1989, and another 500 in 1990.

We did a lot, as far as force structure, looking at the accessions, and I think that it was a tough decision that the leadership made.

And you are absolutely right: the leadership of the Air Force made the decision to have a Selective Early Retirement Board. It was felt that it was to take care of the wide range. We just could not continue to cut our accessions to nothing.

Senator GLENN. What actions have you initiated to look into the validity of the field grade officer requirements in the Air Force in light of the MAC, the Military Airlift Command, experience?

Ms. KEESLING. During our recent Defense Resources Board, looking at our POM for 1990 through 1994, we have taken a hard scrub at all of the officer requirements. Those do come through my office before they go to the Secretary. So we have been actively involved this past summer.

Senator GLENN. Okay.

We will have some additional questions to be submitted to you. If you would, reply to those and they will be included as part of this record.

We would appreciate your doing so.

Ms. KEESLING. I would be glad to.

Senator GLENN. Obviously we have a lot of people doing a lot of other things this afternoon. I'm sorry we have to meet alone like this. But we appreciate your being here. We will have some additional questions for you. Staff and other Senators undoubtedly will have some additional questions, too.

We hope to get this through just as rapidly as we possibly can. We appreciate you being here today. Thank you very much.

Ms. KEESLING. Thank you very much. I look forward to working with you.

Senator GLENN. Thank you.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

Senator GLENN. Ms. Keesling, there have been suggestions, from time to time, that the manpower and personnel functions of the service Secretariats could be merged with the functions of the military personnel chiefs of the services. The notion is that you could eliminate overlap and duplication and yet have effective civilian oversight exercised at the OSD level. Do you agree with this notion?

Ms. KEESLING. I do not believe that merging manpower and personnel functions of the service Secretariats with the military personnel chiefs to be a good idea. Having co-chaired the Air Force working group for the implementation of the Goldwater-Nichols reorganization, I looked closely for possible duplication of functions, but I did not find any. Furthermore, I do not believe that OSD alone can exercise effective civilian oversight for the services' number one resource—their people. In addition, by law the service Secretaries are responsible for the oversight of promotions, separations, and correction of records. The Secretary cannot fulfill these responsibilities without an independent staff.

Senator GLENN. Ms. Keesling, I have been following with interest the activities of the House Panel, led by Representative Ike Skelton, on the issue of professional military education. Reportedly, this panel has been very critical about the lack of rigor in Air Force professional military education programs, especially at the Air War College. Are you aware of this concern and what is your office doing about it? In your view, why is the Air War College tagged as the least effective of all the services' senior professional schools?

Ms. KEESLING. I am aware of the recent criticism of Air Force professional military education programs and the Air War College in particular. I believe much of it is unwarranted since I was privileged to work with Secretary Orr in his efforts to upgrade the quality and stature of the Air University. However, any such program requires periodic review and I fully intend to participate in the on-going Air Force efforts to make the PME programs the best they can be.

Senator **Glenn**. The hearing will stand in recess, subject to the call of the Chair.

[Whereupon, at 2:50 p.m., the committee adjourned, to reconvene up on the call of the Chair.]

[The nomination of Karen R. Keesling was reported to the Senate by Senator Nunn on October 13, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 14, 1988.]

NOMINATION OF LT. GEN. GEORGE L. MONAHAN, JR., USAF, TO BE REASSIGNED IN THE GRADE OF LIEUTENANT GENERAL AND TO BE THE DIRECTOR OF THE STRATEGIC DEFENSE INITIATIVE ORGANIZATION, OFFICE OF THE SECRETARY OF DEFENSE

WEDNESDAY, OCTOBER 12, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:09 p.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon presiding.

Present: Senators Exon and Warner.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Andrew S. Effron, general counsel; Patrick A. Tucker, minority counsel; Robert G. Bell, Robert F. Bott, Brian D. Dailey, Sherri Wasserman Goodman, William E. Hoehn, Jr., Michael J. McCord, professional staff members; Barbara L. Braucht, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Donald A. Mitchell, assistant to Senator Glenn; Mark J. Albrecht, assistant to Senator Wilson; Dudley Carlson, assistant to Senator Gramm.

OPENING STATEMENT OF SENATOR J. JAMES EXON, PRESIDING

Senator EXON. The committee will come to order. I would advise all that Senator Nunn, the chairman of the committee, will be in and out today. There are many things going on on the Hill today, not the least of which is the Drug bill, in which Chairman Nunn is very much involved. But he is also very much concerned about moving ahead on this nomination. In fact, the hearing today was suggested by the administration, specifically by the Secretary of Defense. So we will move forward and others will be arriving as we proceed.

The committee today will meet to review the nomination by the administration of Lt. Gen. George L. Monahan, Jr., U.S. Air Force, to become the director of the Strategic Defense Initiative Organization.

General Monahan has been nominated to replace Gen. James A. Abrahamson, who is retiring. General Abrahamson will not retire until February 1, but the President has asked the Senate to confirm his retirement and his replacement at the same time so that an orderly transition can take place during the recess.

We are acting on Secretary Carlucci's request to the chairman that we consider this nomination prior to the recess and are pleased to do so.

As members of this committee are aware, we held a joint hearing with the House Armed Services Committee last Thursday to review the latest SDI architecture and plans for the Space Based Interceptor Program. I thought Senator Nunn set forth in his opening statement a number of pertinent issues associated with the latest SDI plan, and I thought I would list those issues again today as we start this hearing.

First, given what has seemed to be a constantly shifting architecture, how confident can we be that this latest plan will not undergo significant revisions?

Second, to what extent has the Office of the Secretary of Defense and the Joint Chiefs of Staff reviewed the revised plans and to what extent do they agree with the claims for the restructured program?

Third, has the restructuring of Phase I architecture sacrificed any survivability and capability as well as increasing the risks of failure? What is the relationship of survivability and capability to cost savings?

Fourth, to what extent has the Defense Department included the recommendations of the Defense Science Board SDI Milestone Panel—the Everett Report—in the restructured plan?

Fifth, is the administration objectively considering alternative approaches to achieving the deterrence enhancement objectives of Phase One, including arms control and unilateral improvements in our retaliatory capabilities?

And finally, does the administration position on the Nitze criteria remain unchanged?

Let me hasten to reassure General Monahan that we do not expect him to address all these issues at today's hearing. But, General Monahan, you will find by next spring that we will expect you to answer all of these questions and, undoubtedly, some additional ones.

General Monahan, we know of your outstanding reputation as an R&D manager, which certainly will be useful preparation for the position to which you have been nominated. The SDI program is now the largest single R&D activity in DOD's budget; indeed, in size it is closing in on the department of the Army's entire RDT&E budget.

As we look ahead to the next several years of limited growth, if not outright decline, in the Defense budget, the issue of R&D priorities will be unavoidable. It will be good, General, to have someone who has dealt with the range of services and R&D priorities in charge of the program.

I would at this time like to welcome you, General, for coming here today. I think you know you have a very good reputation as far as this committee is concerned. We are anxiously looking forward to working with you, assuming the approval of your nomination, in a very important program that has enveloped a great deal of the time of many of us on this committee and on the Strategic Subcommittee in particular over the years.

With that, I would be delighted to have any opening statements or remarks that you feel are appropriate. If you wish to submit your statement in whole for the record, or to read it in whole or in part, please proceed. In any event, without objection, I wish to announce at this time that your full, written testimony is incorporated as part of the record and I am pleased to recognize you at this time.

[The nomination reference of Lieutenant General Monahan follows:]

Nomination Reference

Senate of the United States,
As in Executive Session,
September 26, 1988.

Ordered, that the following nomination be referred to the Committee on Armed Services:

The following named officer, under the provisions of Title 10, United States Code, Section 601, to be assigned to a position of importance and responsibility designated by the President under Title 10, United States Code, Section 601:

To be Lieutenant General

Lt. Gen. George L. Monahan, Jr., 470-32-0699FR, United States Air Force.

[The biographical sketch of Lieutenant General Monahan, which was transmitted to the committee at the time the nomination was referred, follows:]

Department of the Air Force,
Headquarters, U.S. Air Force,
Washington, DC, September 27, 1988.

Hon. Sam Nunn,
Chairman, Committee on Armed Services,
U.S. Senate.

Dear Mr. Chairman: The President, under the provisions of Section 601, Title 10 of the United States Code, has submitted to the Senate the nomination of the following general officer for reassignment in his current grade:

Name, Grade and SSAN	Age	Assignment (From/To)
George L. Monahan, Jr., Lieutenant General, 470-32-0699FR.	54	From Principal Deputy Assistant Secretary of the Air Force for Acquisition, Department of the Air Force, to Director, Strategic Defense Initiative Organization, Office of the Secretary of Defense.

General Monahan is replacing Lieutenant General James A. Abrahamson who is retiring. This action will not result in the Air Force exceeding the number of general officers authorized by law.

For the information of the committee, I am enclosing a career résumé on General Monahan.

Sincerely,

Thomas J. Hickey,
Lieutenant General, USAF,
Deputy Chief of Staff, Personnel.

1 Attachment: Military History.

Biographical Sketch of George Lennox Monahan, Jr., Lieutenant General, Regular Air Force, 470-32-0699

Date and place of birth: 21 November 1933, Minneapolis, Minnesota.

Years of active service: Over 32 years as of 3 June 1987.

Schools attended and degrees: USMA, West Point, NY, BS, 1955; Univ of NH, Durham, NH, MS, 1963; Sq Off Sch, 1965; Army Cmd & Gen Stf College, 1967; Air War College, 1972; US Army COIN Indoc Crs, 1967; AF COIN Indoc Crs, 1972; Prim & Bsc Plt Tng, 1956; Adv Fly Sch, 1957.

Aeronautical rating: Command Pilot.

Major permanent duty assignments	From	To
Stu, Plt Tng, 3301 Plt Tng Gp, Moore AFB, TX; ltr Adv Flt Tng, 3557 Cmbt Crew Tng Sq, Perrin AFB, TX.	Jun 55	Feb 57
Plt, 94 FISq, Selfridge AFB, MI	Feb 57	Oct 58
Comm Off, 1st CAMRON: ltr Air Elec Off, 1st A&E Sq, Selfridge AFB, MI	Oct 58	Mar 60
Air Elec Off, 59 FISq, Labrador	Mar 60	Feb 62
Stu (Grad), Univ of New Hampshire, Durham, NH	Feb 62	Oct 63
Proj Off, Flt Test Ops, Gemini Lau Veh Div, 6555 Aero Space Test Wg, Patrick AFB, FL	Oct 63	Feb 65
Plt (Transport), 6550 ABGp, Patrick AFB, FL	Feb 65	Aug 66
Stu, Army Cmd & Gen Stf College, Ft Leavenworth, KS	Aug 66	Jul 67
Stu, Tac Recon Crs (RF-101 Plt), Shaw AFB, SC	Jul 67	May 68
Forward Air Con, 20 TASSq, DaNang AB, Vietnam; ltr Foward Air Con Tac Off, Hq 7AF, Tan Son Nhut AB, Vietnam.	May 68	Jul 69
Air Ops Stf Off, Tac Con Div, Dep Dir for Strike Forces, Hq USAF, Wash DC	Jul 69	Aug 71
Stu, Air War College, Maxwell AFB, AL	Aug 71	Jun 72
Ch, Proj Div, Subsonic Cruise Armed Decoy Prog, Hq ASD, AFSC, Wright Patterson AFB, OH.	Jun 72	Feb 74
Dir, Lightweight Ftr Prog Ofc, Hq ASD, AFSC, Wright Patterson AFB, OH	Feb 74	Feb 75
Asst Dep for F-16 Proj, Hq ASD, AFSC, Wright Patterson AFB, OH	Feb 75	Sep 75
Ch, F-16 European Sys Proj Ofc, 36 Cmbt Spt Gp, Belgium Aero Sys, Brussels, Belgium	Sep 75	Aug 76
Condr, Contract Admin & Spt Europe, AF Contract Mgt Div, AFSC, Brussels, Belgium	Aug 76	Jul 78
Asst DCS/Systems, Hq AFSC, Andrews AFB, MD	Jul 78	Aug 80
Dep for F-16, Hq ASD, AFSC, Wright Patterson AFB, OH	Aug 80	Jul 83
Dir Dev & Production, DCS/RD&A, Hq USAF, Wash DC	Jul 83	Jul 86
Vice Comdr, AFSC, Hq AFSC, Andrews AFB, MD	Jul 86	Jul 87
Prin Dep Asst SecAF for Acquisition, SAF/AQ, Hq USAF, Wash DC	Jul 87	Present

Promotions:

	Effective date
Second Lieutenant	3 Jun 55
First Lieutenant	3 Dec 56
Captain	15 Oct 61
Major	26 Sep 66
Lieutenant Colonel	1 Nov 70
Colonel	1 Mar 73
Brigadier General	1 May 80
Major General	1 Jul 83
Lieutenant General	1 Jul 86

Decorations and Awards:

Air Force Distinguished Service Medal.
Legion of Merit with one Bronze Oak Leaf Cluster.
Distinguished Flying Cross.
Bronze Star Medal.
Meritorious Service Medal.
Air Medal with one Silver Oak Leaf Cluster and four Bronze Oak Leaf Clusters.
Air Force Commendation Medal.
Presidential Unit Citation.
Air Force Outstanding Unit Award with one Bronze Oak Leaf Cluster.
Air Force Organizational Excellence Award.
National Defense Service Medal with one Bronze Service Star.
Vietnam Service Medal with four Bronze Service Stars.
Air Force Longevity Service Award Ribbon with one Silver Oak Leaf Cluster and two Bronze Oak Leaf Clusters.
Small Arms Expert Marksmanship Ribbon.

Air Force Training Ribbon.
Republic of Vietnam Gallantry Cross with Palm.
Republic of Vietnam Campaign Medal.

SUMMARY OF JOINT ASSIGNMENTS

Assignments	Dates	Grade
Principal Deputy Assistant Secretary, Secretary of the Air Force for Acquisition, Office of the Secretary of the Air Force for Acquisition, Headquarters United States Air Force, Washington DC*.	Jul 87–Present	Lt. General.
Director of Development and Production, Deputy Chief of Staff/Research, Development and Acqusition, Headquarters United States Air Force, Washington DC*.	Jul 83–Jul 86	Maj. General.
Commander, Contract Administration and Support Europe, Air Force Contract Management Division, Air Force Systems Command, Brussels, Belgium*.	Aug 76–Jul 78	Colonel.

*Joint Equivalent.

STATEMENT OF LT. GEN. GEORGE L. MONAHAN, JR., USAF

General Monahan. Thank you very much, Mr. Chairman. I do not have a prepared statement for the record at this time. Just one or two very brief remarks. I have had the opportunity in the past several years to work with the Congress on a wide range of programs. That has been a very productive and challenging experience for me. I look forward to doing more of the same on the SDI program.

Other than that, I have no further remarks to make. I look forward to the challenges of the program, the experiences that I will have, and also working with the Congress and many, many other people as we pursue the program.

Senator Exon. General, thank you very much. I appreciate you being so brief because there are some questions we want to get into.

General, I am not sure that you have an answer to this question, but I think it is uppermost in the minds of most of us. Can you give us a general estimate of what you would likely recommend to be, in dollar amounts, the Presidential request for SDI in 1989. We do not know who the President is going to be at this time, and we do not know what that recommendation is going to be.

As one who has been in this area for a long time and thoroughly familiar with the previous budget requests and the previous final authorization approvals by the Congress, could you give me some general outlines as to what at this time you think might be, in billions of dollars, the request for SDI for the next fiscal year?

General Monahan. For fiscal year 1989, Senator?

Senator Exon. I am talking about the ongoing—more than anything else, the ongoing and down years, the first year, the second year, the third year.

General Monahan. First of all, I believe you know the DAB met here very recently, just a week or two ago, and looked at the program that we have under consideration as we put together the fiscal year 1990 President's budget, and also looked at the plan for the entire 5 years of 1990 through 1994.

The DAB did note that the funding versus the program content that is envisioned for that period of time did match up and were compatible with one another. Obviously that can be subject to further revision before the President's budget is approved and is submitted, but for the time being, and without having been deeply involved in the process myself up until this time, I will have to say that I do know that the effort that the DAB went through, and the cost estimates that they looked at, and the program that went along with it was the subject of a lot of scrutiny.

I trust the DAB process because of experience with it in the past.

Senator EXON. Let's see if we can become a little more specific. You know that the 1989 budget is going to be generally in the area of $4.1 billion. Whether that is too much or too little, that is something that you are going to have to live with.

General MONAHAN. That is exactly right.

Senator EXON. From your perspective right now, you must have thought some about the out-years if you are going to get $4.1 billion for the SDI in 1989.

In billions, what do you think would be necessary for the next year if you cannot go beyond that? Should it be considerably more than that, or less, or about the same?

General MONAHAN. Without trying to give you specific dollar numbers, because I have not been close enough to the program to this time to really be able to form my own judgments, let me just put something in perspective. The stage of the program now, a certain part of it in Phase One is in the demonstration validation phase of the program. That is the technology effort.

The larger expenditures tend to come when full scale development is entered, and that is contemplated, again, for certain parts of the effort to commence sometime in the early 1990s, but the date is not yet fully established.

So you would expect to increase when a decision to proceed into full scale development is made.

In the period of demonstration validation, however, I think the funds, generally in most programs, stay relatively flat through the demonstration validation phase before they go up in full scale development.

I have not looked specifically at what those numbers are for the SDI program yet, but I expect that they would follow the same sorts of trends as other programs.

Senator EXON. They would what?

General MONAHAN. They would follow the same trends as other programs.

Senator EXON. Thank you. I am pleased to recognize the ranking member of the committee, Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I welcome the General and will give him my support. You are nominated, of course, by the President. The Secretary of Defense informed Chairman Nunn and myself, Mr. Aspin, and Congressman Dickenson, during the course of a meeting we had here a week or 10 days ago, of his personal selection of you to fulfill this very important post.

At that time neither the chairman nor I had any idea as to who would succeed General Abrahamson. General Abrahamson has done a very commendable job in trying to follow the goals established by the President in his March 4, 1983, announcement, and he deserves much credit.

I am certain that you will try and pick up where he left off. He has established some new guidelines. I presume that those guidelines are consistent with your own personal vision of how this program should be conducted. Am I not correct?

General MONAHAN. You are very correct, Senator Warner. The program that was just looked at by the Defense Acquisition Board here a couple of weeks ago seems to me to be a very, very solid program and is exactly the sort of thing that we should be deciding to follow at this point and time.

Senator WARNER. What will be the relationship between you and General Abrahamson in this interim period when presumably the Senate will confirm your nomination subject to a date? What is the technical means by which we are going to do this? Has the chairman indicated that?

Senator EXON. I have not indicated that, and I am not aware of the answer. I would like staff to respond to that question.

Mr. PUNARO. Senator Warner, if we confirm General Abrahamson to retirement, his retirement date is currently scheduled for February 1. General Monahan, if confirmed by the Senate, would not be reassigned to that position until that position was vacated by General Abrahamson. He would currently serve as a three star in his existing position.

Senator WARNER. Subject to the date that I presume General Abrahamson elects for his retirement, which can be no later than February 1——

Mr. PUNARO. As I understand it from the Secretary of Defense, he has approved General Abrahamson's retirement request as of February 1, 1989, and indicated to the committee that that would be the date, should General Monahan be confirmed, that he would be assuming that position.

Senator WARNER. In that interim period where will you physically be and what will be your duties, General?

General MONAHAN. I will continue with my present assignment, which is Principal Deputy Assistant Secretary of the Air Force for Acquisition. So I will continue in that job. Also during that period of time I hope that General Abrahamson has some time to spend with me.

Indeed, he and I have already talked and are trying to set up some sessions at which we can effect a smooth transition.

Senator WARNER. Can we elaborate on that because this is a program which is of intense interest, as it should be here in the Congress. Then I might suggest that you go back and talk to General Abrahamson, and I would ask you to supplement for the record how the two of you propose to consult during the course of this transition period.

Several of my colleagues are quite interested in that aspect. It would be helpful. Do I understand from you, the witness, that you would supplement in the record the information subject to your further consultation with General Abrahamson?

General MONAHAN. Yes. I would be very happy to submit that.

Senator WARNER. And I would think that the Secretary of Defense should be involved, certainly advised, of what you intend to put in the record so that we can, therefore, presume that he has concurrence of whatever recommendations that you and General Abrahamson wish to make to the committee?

General MONAHAN. I would be very happy to do so.

Senator EXON. I would just say, Senator Warner, I think your suggestion is a good one. I might suggest to Senator Warner that in addition to the request that you have made, which will be supplied for the record by the General, that I think it would be entirely appropriate for the chairman of the committee, Senator Nunn, and yourself to write a letter to the Secretary of Defense asking him to respond at the earliest possible date to confirm what the General and General Abrahamson will be working out as per your suggestion.

Senator WARNER. I thank the Chair. The Chair, of course, as you recognize, General, is the chairman of the subcommittee that has the immediate and first responsibility with respect to the duties that you will be performing, and I think that is a good suggestion and we will see that it is done.

[The information requested follows:]

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, DC, November 3, 1988.

Hon. J. JAMES EXON,
U.S. Senate,
Washington, DC.

DEAR SENATOR EXON: Attached is a copy of the transition schedule as requested during the Senate Armed Services Committee (SASC) hearing which considered my nomination to be assigned as the Director of the Strategic Defense Initiative Organization. A copy of that schedule has also been forwarded to Senator Warner and Senator Nunn.

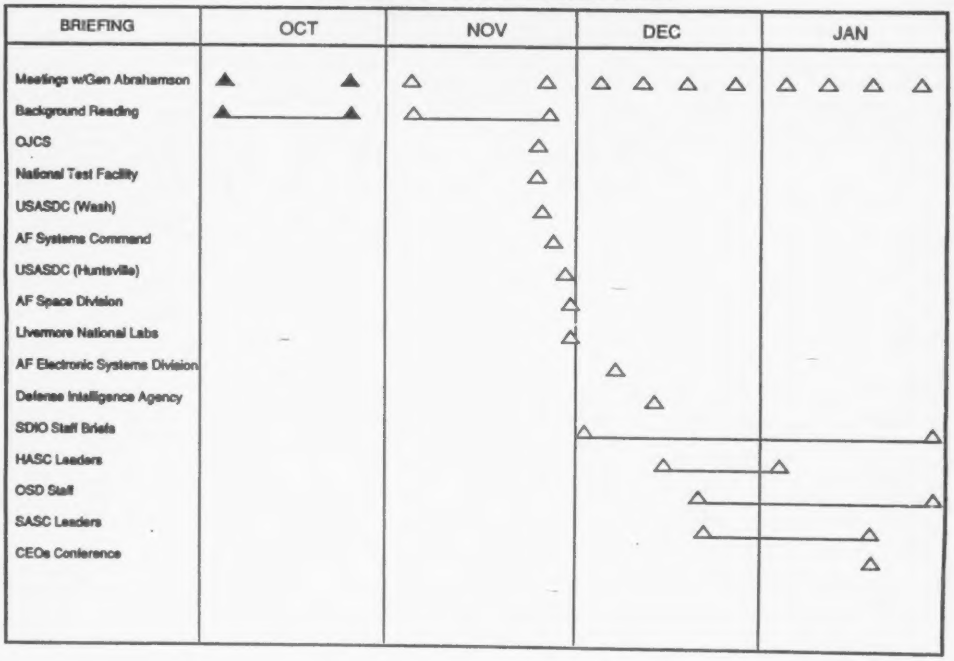
I've enjoyed the good working relationship that I've had with the SASC as the Principal Deputy Assistant Secretary of the Air Force for Acquisition and I look forward to working with you on future National Defense matters.

Sincerely,

GEORGE L. MONAHAN, Jr.,
Lieutenant General, USAF,
Principal Deputy Assistant Secretary of the Air Force (Acquisition).

Attachment.

TRANSITION SCHEDULE



Meetings with General Abrahamson for General Monahan's Transition:

Following is a list of planned agenda items.

- Memorandums of Agreement (MOA) with the Services
- ABM Treaty Issues
- SDI Program Management
- SDI Financial Management
- Defense Acquisition Board Issues
- Organizational Issues
- Five Year Defense Plan
- Transition of the New Administration
- Element Status and Challenges
- Near Term Tests
- Personnel
- MOA with Other Nations
- Management of Full Scale Development
- Options Enroute to Meeting JCS Requirements

Background Reading for General Monahan's Transition:

Following is a list of key documents identified for initial background reading. The list is not all inclusive.

- OJCS Joint Major System New Start (JMSNS) Document
- OJCS Joint Operational Requirements Document
- System Threat Assessment Report (STAR)
- Phase One Threat Specification (POTS)
- System Concept Paper (SCP)
- Test & Evaluation Master Plan (TEMP)
- SDI Program Master Plan (PMP)
- DAB Briefing
- SBI Report to SECDEF
- SDIO Organization and Functions Manual
- Phase I SDS Description (SDSD)
- SDS MS II Decision Criteria
- Project—Level Budget Breakout
- Report to Congress (classified & unclassified)
- USSPACECOM Concept of Operations (CONOPS)
- SDS Glossary

OJCS Visit for General Monahan's Transition:

Meet with Joint Staff—Discuss USSPACECOM CONOPS for SDS Phase I, and planning for SDS Phase II operational requirements.

National Test Facility (NTF) Visit for General Monahan's Transition:

Meet with National Test Bed Joint Program Office (NTBJPO)—Discuss status of NTB facilities and issues.

USASDC Visit for General Monahan's Transition:

USASDC (Washington, DC) Meet with the USASDC staff—Discuss USASDC programs and issues.

USAF Systems Command Visit for General Monahan's Transition:

Meet with USAF Systems Command—Discuss Systems Command programs and issues.

USASDC Visit for General Monahan's Transition:

USASDC (Huntsville, Alabama)
Visit with selected USASDC staff personnel.
Tour local site facilities.
ERIS, GBR & HEDI discussions.

USAF Space Division Visit for General Monahan's Transition:

Meet with USAF Space Division staff—Discuss USAF/SD programs and issues.
Visit with selected USAF/SD staff personnel.
Tour local site facilities.

SDIO Staff Briefs for General Monahan's Transition:*

Project Management Briefings**

- SDS Phase I
- CC/SOIF
- BSTS
- SSTS
- GSTS

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*The above list of briefings is not all inclusive, but does reflect key briefings to be presented.

**TV tapes are available for most of the project management briefings.

- GBR
- ERIS
- SBI
- Sensor Technologies
- Interceptor Technologies
- Directed Energy Technologies
- Key Technologies
- Special Projects
- Technology Applications
- National Test Bed

Functional Briefings—
- Comptroller
- Program Planning
- Contracts
- Multi-National Programs
- Test & Evaluation
- Producibility and Logistics
- Architectures and Analysis (COEA)
- Theater Defense
- Operations Interface

CEO Conference
Congressional Visits

Senator WARNER. Now I have a number of other questions here, Mr. Chairman. I would like to proceed with them, but I have taken up 5 minutes of my time. We can rotate back and forth. Why do we not do that?

Senator EXON. Whatever is your pleasure.

Senator WARNER. I will step out for a minute and then return.

Senator EXON. I would just say to you, Senator Warner, before you step out and then come right back, that in the opening statement I did make it clear that we are operating here under the suggestions by the administration which asked for this hearing to be held. I believe it was generally understood, which is being further explained by the question that you just asked, that the smooth transition is what the administration wanted.

February 1 is the assumed date of the departure of General Abrahamson and your taking over those responsibilities. You will be working together in the meantime in consort as I understand it.

General MONAHAN. Yes, sir. By holding the hearing and the confirmation at this time, it allows General Abrahamson and myself more time to effect a smooth transition.

Senator WARNER. If I could add to that, this hearing is being held at the explicit request of the Secretary of Defense acting on the President's decision to nominate you. The chairman and myself indicated that we would make the hearing available, given the unusual schedule the Senate is on now.

Normally a hearing is not being held this far in advance of a change in command, but recognizing the enormous significance of the program, and the fact that—and I think this is the key—that you would be in a better capacity to work with General Abrahamson on the transition if the Senate had acted than if the Senate had not acted.

General MONAHAN. That is true, Senator. That would be, I think, a big advantage to General Abrahamson and to myself.

Senator WARNER. That is the way it was portrayed to me, that it was actually his desire to have this done, and his thoughts coincided with that of the Secretary of Defense.

I thank the chairman, and I shall return momentarily.

Senator **Exon**. General, I also am impressed with your credentials and your background, and I pledge my support up front to your successful acceptance by this committee and the Senate as a whole as speedily as possible.

I would simply say that there is nothing very unique about this transition. In fact, if it is unique, it probably should be a guideline that maybe we should follow in the future more than we have in the past, and that is when a tremendously important program like this, a very expensive one, changes directors—and I agree General Abrahamson has done an outstanding job—I think it is well if we do go through these more orderly processes of changing command, if you will.

I know that you have a good working relationship with General Abrahamson, and I know that you will have a good working relationship during these next few months as you prepare to take over that very important position.

When you are confirmed, would you see it as your role, among other things, to be an advocate of the program, or an objective judge of the costs and capabilities of the technologies being developed under your management?

General **Monahan**. Senator, the program director has several duties. First of all, he has to lead and he has to manage the program for which he is responsible, whether it be in the development phase or production phase or wherever.

Second, he has the responsibility of providing an objective assessment of what it takes technically to do a program, what the risks are. Is it feasible from a technical point of view, business point of view? What is the schedule associated with it, how much does it cost? He needs to serve that very, very important function.

The role of advocate is not a role that a program director should normally pursue, normally follow. Indeed, in the Air Force, we have our program directors stay away from advocacy and err on the side or objectivity in every case.

Senator **Exon**. You gave the right answer, the answer I had expected, and the answer I had hoped you would give to that question.

This Senator has been an active supporter of research and development in SDI from the very beginning. In fact, it was Senator Warner and this Senator that called the Senate into a very extraordinary, secret, closed session of the Senate in the Senate Chamber during the earliest days of SDI, immediately after it had been proposed on national television by the President.

We called our colleagues into special session because we thought they should have some information that we had that they might not have, and that was during a time when there was considerable skepticism as to whether we should even have brought up the very beginning, the incubative stage, if you will, of the SDI funding.

But having said all of that, I also have been one that has worked very closely with General Abrahamson and, again I repeat, he has done an excellent job. And I really believe, though, that if there is a problem with SDI, it has been the failure to intelligently communicate what SDI is to the public of the United States of America, who in the end make these decisions through their representatives.

I have seen the extremes that have been fostered on this program from time to time, the extreme claims that I thought did great harm to the basis of research and development. The facts of the matter are that I do not believe you or General Abrahamson or anyone else, certainly not this Senator, can tell us where we are eventually going to go with the SDI program.

Specifically, that is why I for one was very upset about a series of television commercials which I saw several years ago which I thought were more political in nature than needed to be. Now, I'm not saying they were sponsored by General Abrahamson. Certainly he was an advocate of the program, but I am sure he did not support their method of delivering the message. He told me that he thought it was wrong.

I am referring to the television commercial that you may have seen of the little girl playing with a crayon. She would draw a yellow line and then it had incoming missile warheads bounce off of this yellow line which was in fact an umbrella, as if it were the ultimate in nuclear defense.

I thought that was a terrible oversimplification of the program. I thought it was a politically motivated advertisement that did great harm, because I thought it projected in the minds to many people that we already had a handle on a perfect defense which, if we just spent the money on it, we could deploy.

Now, certainly as far as you are concerned, would you say that anyone who tried to inform the American people that we had at hand or could have in hand by the turn of the century any kind of a shield over the United States that would prevent any kind of projectile coming in would be at least a false notion?

General Monahan. Well, as you correctly pointed out, Senator, we have to go through many, many decisions yet before we really arrive at just where the SDI program is ultimately going to go.

It is all set up through the DAB process and it is set up through the interchange between the administration and the Congress, and it depends upon the program that is authorized by the Congress and the funds appropriated. That is what ultimately will lead to what the final capabilities of the SDI program.

And as I say, as you correctly pointed out, there are many, many decision steps left to go through before we ever arrive at the answer to that.

Senator Exon. Would you say it is a bit far-fetched from what we know now?

General Monahan. From what I know at the present time, I would have to say that, as I think I have just explained, that we do not know for sure just exactly what the ultimate capability of SDI is going to be.

Senator Exon. Thank you.

Senator Warner.

Senator Warner. General Abrahamson indicated in his resignation letter that he was leaving so that the next President could set his own course on SDI. Given the uncertainty about who the next President will be—I have my own views on who the next President is going to be. But anyway, I will go through with the question. I am doing it on behalf of another member, let the record show.

Given the uncertainty about who the next President will be and their diversion of views on the SDI program, how do you see yourself serving the next President in your capacity as Director of the SDIO?

If you want to answer that one for the record, feel free to do so.

General **Monahan**. The question was how do I see myself as serving the next President as Director of SDIO, Senator?

Senator **Warner**. Given their divergent approaches. Obviously, Vice President Bush has been very explicit and clear that he strongly supports the program. Governor Dukakis has, in my judgment, shown almost no support whatsoever. It actually borders on contempt.

So you might find yourself in the hot seat in one area and a strong seat in another.

General **Monahan**. Senator, the role of any program director or program manager within the Department of Defense, from the smallest programs, all the way up to the largest, is to first of all pursue the program under the direction of the Secretary of Defense as the program is authorized by the Congress and as it is appropriated.

That is his job to do. So in that sense, he has to roll with the punches, whatever those are, and to give the best advice and the most objective assessments he can of the possibilities as you go through that process.

Senator **Warner**. Well, I think that is a good answer and I commend you for giving it. You would not be wearing three stars today and have the important position that you now have had you not throughout your career, I think, given that type of advice to your superiors from the time you were a second lieutenant to a lieutenant general.

I have looked independently at your record, and I think we are fortunate to have you willing to step up and take on this tough program. I have been a strong supporter of the program ever since I have been in the Senate. As a matter of fact, I was chairman of the subcommittee at the time, in March of 1983, when the President made his announcement.

From that point on, we have taken off, and I think you have done remarkably well, given the handicaps and constraints put on by the Congress through the years. We have almost tried to micromanage this program.

So it is going to take some tough leadership, not only dealing within the executive branch, but dealing within the legislative branch, as you pursue these duties.

General, your predecessor had a great deal of confidence in our ability to develop and eventually field a strategic defense system that would put us on the path toward President Reagan's vision. Do you share General Abrahamson's optimism about strategic defense?

General **Monahan**. First of all, from what I have seen, and it is a very limited observation, the technical work that has been pursued thus far is indeed very impressive.

Obviously, there is a lot more to do. More technical effort has to be pursued, and that is why we are in the demonstration validation phase, or phase one of the program, to address those very tough technical questions.

We clearly do not have all of those answers yet, but the program is structured such that we will get at those answers from a technical sense.

Senator **Warner**. All of us are expecting that there will be considerable competition for defense resources during the next 5 years. Obviously, SDI requirements will be competing with service requirements.

Do you intend to be an advocate for SDI programs even when they would involve offsets against service programs, including Air Force programs?

General **Monahan**. As I have mentioned earlier, I will provide the most objective assessment that I can of the technical and performance sides of the question, the cost, the schedules, and all of that.

That then has to go into a bigger forum that considers everything that is necessary for our national defense, what contributes to deterrence, and come up with the best mix, within the resources available, to make that happen, whether it be offensive systems, defensive systems, strategic systems, or conventional systems.

So my role is to provide the best data that I possibly can to the people who have to put all of that together, and those people include the Congress.

Senator **Warner**. General, that is a tough question and I think you have answered it fairly. I will just make this observation, not in the form of a question.

Having spent some time in that building myself, and I was privileged to stay there some many years and work with a number of flag and general officers, from time to time in their careers they accepted an assignment where they recognized that that assignment would not necessarily foster another promotion or another good assignment in that branch of service.

And I fully respect that you went through that decision process before you said, "Aye-aye, sir, I will take on this job." I commend you for that, because I for one am disappointed that the Senate did not become more supportive of certain recommendations to see that General Abrahamson received a four-star.

I am disappointed that the United States will not have his services in uniform after February 1. I think he had a lot left in him to offer this country, but maybe there were a combination of professional and personal factors that led to his decision to retire. I did not discuss it with him.

We will miss him, not only for SDI, but from the uniform of his country.

But I judge you are prepared to take those risks and do the job that you think is in the interest of the national defense and accept the personal consequences as they fall. Is that right?

General **Monahan**. Of course that is right, Senator. Anyone would feel it a real pleasure and a great challenge to take on one of many programs in the Department of Defense, and especially one of the magnitude that this has. So I look forward to the opportunity to really do something with the program.

Senator **Warner**. Mr. Chairman, my time has expired.

Senator EXON. Thank you, Senator Warner.

General Monahan, what, in your opinion, is the proper goal for SDI, to enhance our current deterrent or to replace it?

General MONAHAN. Well, the goal of any program, any weapons system program, should be to enhance the deterrence, nuclear deterrence, and to contribute to the security of the country.

SDI and any offensive or defensive program, whatever it is, needs to be judged on its ability to do just that. So enhancing deterrence is clearly the objective of the SDI, as well as any program.

Senator EXON. General, if the goal of phase one is to enhance deterrence by creating uncertainty in the mind of the Soviets as to the effectiveness of a first strike on their part, do you believe that phase one should be examined also against other, perhaps lower cost systems, options for enhancing deterrence, such as deploying a mobile ICBM or more Tridents or increasing the alert rate for existing strategic systems?

General MONAHAN. Well, Senator, as I said earlier, the country always needs to be looking hard to ensure that we have the proper mix—offensive, defensive, conventional, and strategic weapons systems—that will enhance deterrence. And we have a forum in which we address those issues.

For my part, as I said earlier, I will provide the best advice and the best assessment that I possibly can. But those kinds of questions then are looked at very hard through the DAB process, the DRB with the Joint Chiefs of Staff, et cetera, and they ultimately make the judgments as to what mix of programs makes the most sense.

Senator EXON. I think the important word that you used in your answer, which was a good one, was "mix." And that goes back to what I was trying to get to earlier with my line of questioning. It is that we have to have an understanding in the Nation as we move forward on our overall national security policy that a mix in deterrence is the proper way to go.

I take it from your answer that you agree that that is true; is that correct?

General MONAHAN. Well, we have always had a mix of forces in this country—offensive, defensive, nuclear, conventional, et cetera. It has served us very, very well for many decades. So I think that is a sound course to pursue.

Senator EXON. In a joint hearing that was conducted with the House Armed Services Committee last week on the recent restructuring and phasing down of the costs of the SDI program, General Herres, Vice Chairman of the Joint Chiefs, testified that the Joint Chiefs would not support phase one if they thought there were no other, more robust phases to follow.

He said that the "objective strategic defense system" that they had in mind would involve a phase two and a phase three deployment, in other words several long range steps.

Do you agree that phase one should not be seen as an end in itself, but rather as one stop on a road to a much more capable defensive system?

General MONAHAN. I think we need to explore that very, very carefully, very deeply. And as I mentioned earlier, I think we have a long way to go through a series of decisions before we can finally say what should be the ultimate scope and size of the SDI program.

So I think that is a question that deserves very, very careful consideration.

Senator **Exon**. General Monahan, this is an iffy question, and I recognize that it is an iffy one. But you know we do have to have understanding, we do have to plan into the future.

But let me ask the question anyway. How mature do you believe that the technology for phase two has to be before we would give the go-ahead for full-scale engineering and development for phase one? I mean, how do they relate back and forth?

General **Monahan**. Well, if I could go back for a moment to the way we normally structure programs within the Department of Defense, we go through the five-step process: the milestone zero, one, two, et cetera. Milestone one and the activity that follows that, the demonstration and validation phase, is a very, very key phase, because that is the phase of the program in which we answer the question, is the technology sufficiently mature to proceed into full-scale development, and commit ourselves to large sums of money.

So until you get into that demonstration validation phase, which we are just now entering with phase one, you cannot really answer the question of just how mature should a certain technology be.

Also, during that phase is when you determine what the final specifications for the hardware have to be. So you have to iterate back and forth, looking at requirements versus what technology can do, and then lay out a program that is rigorous enough to do it.

Or you decide during that stage that the technology is not mature enough, it may never be mature enough, and we just have to stop at that particular point in time.

Senator **Exon**. Senator Warner.

Senator **Warner**. One of the criticisms that we sometimes hear from service representatives is that the SDI program is not giving sufficient priority to service-unique requirements, requirements that existed prior to SDI and that were incorporated in the original format of the SDI program. Space surveillance and tactical warning are two examples.

You have been a very active advocate for the requirements of the Department of the Air Force in your capacity, and as such you have witnessed this type of politics as we say. It has been there long before you came. It will be there long after you depart.

How would you propose to satisfy or respond to the Joint requirements for SDI and individual services?

General **Monahan**. Requirements have to come from a user, and that gets worked through the DAB process and with the inputs from the Joint Chiefs of Staff. What requirements they then put forth to the SDI office, those are the requirements that we will fulfill. Those requirements may have, as you say, service-unique aspects.

A good example is the BSTS program that fulfills the tactical warning and attack assessment (TWAA) requirements of the country, and those are folded in so that part of SDI and that equipment with SDI can perform a dual function, perform a dual role, and it is designed deliberately to do that.

As I said, the role of the SDI office should be to fulfill the requirements that are approved through the DAB process, and that is exactly what we will do.

Senator WARNER. Thank you. The SDI program has driven for a balance between advance technologies and more near term technology, and you touched on that in your response to the chairman's question a moment ago.

Once again, what are your views about the necessity for this balance and how would you prioritize between near and long term?

General MONAHAN. Again, I guess I would have to go back to my previous thoughts as far as technology is concerned. From what I have seen of the program so far, as I said, I am very impressed with the advances in technology that General Abrahamson has helped make happen.

Again, we look at the technology in several phases. We do it before we get the program going, but we take the very, very hard look at the technology when we get in the Milestone One effort, the demonstration and validation.

Senator WARNER. I thank the Chair. I thank the witness. I wish you luck. I think you will do a fine job given the opportunity.

General MONAHAN. Thank you, Senator Warner.

Senator EXON. Thank you very much, Senator Warner.

General, here is another question that I am not sure that you will want to answer, but I hope you can give us some guidelines. As we are looking forward to shaping the defense budget and wondering where the money is going to come from for SDI and many other essential programs, we have to be concerned about cost.

I assume that you agree with the Defense Department's projection of the cost of Phase One at about $69 billion. Do you agree with that?

General MONAHAN. As I mentioned earlier, Senator, that estimate went through a rigorous process and received an awful lot of scrutiny by the individual components who, first of all, did the estimates, and then through the Department of Defense Cost Analysis Improvement Group. Based upon the rigors of that, without being involved in it myself personally, I have a lot of confidence in it, because I have a lot of confidence in the people and in the process that is used in coming up with those estimates.

Senator EXON. As I understand it, you have not sat down and said this is going to cost this much and it totals to $69 or $59 or $120?

General MONAHAN. No. I have not had the opportunity to personally sit down and be involved in it to that detail.

Senator EXON. Let us assume that the cost is $69 billion, for the sake of discussion. If $69 billion is the amount for Phase One, what are your ballpark estimates as the new manager of the program as to what Phase Two and Phase Three will cost on top of that?

General MONAHAN. I do not have any ballpark estimates at this time, Senator.

Senator EXON. I am not trying to pressure or tie you down, and if I were sitting there I guess I would say the same thing that you just said.

Do you think, from your knowledge of this program, which is considerable, do you think that Phase Two and Phase Three would cost double the Phase One cost of $69 billion, or triple or higher?

General **Monahan**. I would not want to venture a guess at this time. As you know, with Phase One, for example, the content of that program has changed after much effort, much study. The content of Phase Two and Phase Three has not even been subjected to that kind of rigorous study yet.

It would be completely improper for me, I think, to give even a ballpark estimate.

Senator **Exon**. All right, I understand. Let me go to another question that I hope you can enlighten us on somewhat. I am sure that you are familiar with the so-called Nitze criterion. Do you agree that Phase One must meet them if it is to be deployed?

General **Monahan**. I agree. We need to continue to follow the Nitze criterion, and that was laid out by the President, and the Department of Defense is using that as guidelines in the program.

Senator **Exon**. General, with the recent SDIO decision to remove all the autonomous fire control sensors from the Space-Based Interceptor garages, the entire detection, identification, tracking and fire control function for the boost phase will now rest solely on the BSTS and or SSTS satellites—only a few of which would be over the Soviet ICBM fields at the time the Soviets launched an attack.

Are you concerned that this restructuring of the Phase One architecture may make it much harder to satisfy the Nitze criterion of survivability? What is your answer to that? Those are some concerns that many of us have with the scaled-down version, although we were delighted at the prospect of lowering the cost.

General **Monahan**. I do know, Senator, in the recent DAB they confirmed that we could do the Phase One—that the dollars in the budget were adequate for that. Whether or not the DAB really had the opportunity to thoroughly delve into and probe the the total operational effectiveness of the system, I am not really sure, and I know that I have not.

I think it would be premature for me to comment at this time.

Senator **Exon**. Let me ask one final question, General, unless we have some others that come up before we finish this. I would say that there are some other questions that we will submit to you for the record and ask that you make a reply as prompt as you can so that we can take a look at them.

To what extent are we gambling that over the next 12 years or so the Soviet Union cannot acquire the capability to knock these satellites of ours out and thereby render inoperable the entire constellation of orbiting SBI garages?

Might not these satellites turn out to be the Achilles heel of Phase One in much the same way as the vulnerable ABM radar were the fatal flaw in the ABM system we put into mothballs a decade and a half ago?

General **Monahan**. Senator, as you know, one of the three Nitze criterion is survivability of the system. So one thing that we in the Department of Defense are charged to do before we deploy something and make massive investments is work hard on that problem of survivability.

Indeed, we have an organization right within the office, the SDIO office, that does that. And there are separate efforts out among the services also working at problems, working very, very hard on the survivability, and we intend to live up to that part of the Nitze criterion.

Senator EXON. Indeed, there, for those of us who are promoting SDI and supported it, although it is given that we work at different levels of funding from time to time, it is true that if it is a gamble worth taking—and that decision has not been made yet as I understand it—if it is a gamble worth taking, it is still a gamble. There is no way that we know now that we could assure the survivability of these systems, and that fragile part of the SDI system is one of the things that we have to keep examining very closely, in my opinion. I take it from your answer that you agree?

General MONAHAN. I agree that we need to work very, very hard on the survivability, Mr. Chairman. I guess I wouldn't like to characterize anything that we would do in this program as being a gamble. I hope we can do something that is much more rigorous than that. That is why I think we need to work very hard on the mission military effectiveness of the system, and we need to work very hard on the survivability of the system such that we are not put into a gamble type situation.

Senator EXON. I would suggest that most of the important things that we do in life has some gamble connected with it. I do not think anything is sure. I do not believe that even the systems that we have today do not have some degree of gamble.

I ask the question because I simply say, once again, that if there is one thing that has irritated me about my support for the SDI program was that in some instances the program has been oversold. It was oversold by the President, in my view, when he came out on television and made the announcement in the first instance.

This is a program that holds great promise, but we are not going forward without some risk or some gamble. Maybe gamble is a bad word. Maybe risk is a better word. That is the way this Senator feels about it.

We have no way of knowing what the Soviets can or will do and, thank the Lord, they do not know for sure what we can and will do.

I happen to feel that we are in much better shape than they, generally. I honestly feel that we should not go back to those folly days of words like "window of vulnerability" when, in fact, I think it has been demonstrated that there never was one.

I am in favor of moving ahead with the SDI program. I think it holds great promise in lots of areas, including a lot of byproducts that will come out of this research which I think will be very instrumental to our national security in the years to come.

I just want to thank you for coming here today, General. Please be in close contact with us. I have no further questions from any other Senators at this time, but some will be supplied for the record I am sure. We look forward to working with you, and I predict that you will have no trouble whatsoever in getting through this committee and being approved by the full Senate. We are anxious to work with you.

General MONAHAN. Thank you very much.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR EXON

1984 FLETCHER REPORT

Senator EXON. The 1984 Fletcher report—which was the administration's first comprehensive assessment of SDI—contains the following statement: Assessment of the vulnerability of responsively hardened targets to lasers, particle beams, and X-ray weapons is the *single most important* issue in determining whether there is a feasible concept for development of a Strategic Defense System (emphasis added). Do you agree?

General MONAHAN. There are a number of very important issues and this is clearly among those.

SOVIET GAINS

Senator EXON. What gains do you expect the Soviets to be able to make over the next decade in the areas of ASAT lasers, particle beams, X-ray weapons, and direct ascent missile, and how confident are you that our BSTS and SSTS survivability efforts can stay ahead of Soviet advances in these areas?

General MONAHAN. We know the Soviets have an extensive program, but projecting where they'll be in 10 or more years is very difficult. We're working very hard on survivability projects to ensure BSTS and SSTS will have the required levels of survivability and I expect we will achieve levels of success similar to those already reached in other areas of technology.

SDI MILESTONE PANEL

Senator EXON. The May 1988 DSB "SDI Milestone Panel"—also known as the Everett panel—cited "technical, budgetary, political, and arms control uncertainties" with the SDI program and recommended that Phase I be restructured as a series of six steps—"each of which should provide some capability and have some value in itself." Deployment of Space-Based Interceptors would be deferred until Step 5. Does the Defense Acquisition Board's recent approval of the restructured Phase I architecture mean, in your opinion, that the Defense Department has rejected this key recommendation of the Everett panel?

General MONAHAN. The Everett panel recommended Phase I deployment in steps, offering an example of a possible set of steps to follow. The DAB decision is consistent with the Everett panel recommendations by moving toward deployment in steps, with a different set of steps selected by the DAB.

DEPLOYMENT OF PHASE I

Senator EXON. Is it your view that the United States could proceed with the deployment of Phase I as an integrated and coherent single action or should it be pursued in steps?

General MONAHAN. I support the DAB results, which call for a Phase I program that has systems time-phased in accordance with the recommendations of the Everett report.

EVERETT PANEL'S RECOMMENDATION

Senator EXON. What would be wrong with accepting the Everett panel's recommendation that we first deploy a treaty-compliant system of 100 ABM's using existing sensors while longer-term efforts are carried on to improve our capabilities in the area of sensors, processing and communications with the SBI coming along at Step 5?

General MONAHAN. As we proceed on the path toward deployment that was approved by the Defense Acquisition Board, for the next 2 or 3 years we will maintain the option to deploy a treaty-compliant system. Consequently, there is no need now to make a decision for such deployment.

ARCHITECTURE OF PHASE I

Senator EXON. Does the current architecture for Phase I depend for its survivability on the assumption that the United States will be the only side with a major constellation of weapons deployed in space? Are you discounting the notion that the Soviets might respond to our Phase I with an equivalent Phase I of their own?

General **Monahan**. Not at all. We are actively exploring a broad spectrum of threat possibilities for their potential impact.

BMD DEPLOYMENT

Senator **Exon**. SDIO has been criticized by both the Defense Science Board and OTA for not conducting any serious study of the implications for stability of such a "two-sided" BMD deployment. Do you believe SDIO should place more emphasis on such studies?

General **Monahan**. As I understand it, SDIO has, in fact, completed some preliminary "serious" classified analysis of some of the implications for stability involving "two-sided" BMD deployment. I believe SDIO is placing sufficient emphasis in this area and will continue to do so in the future.

NEW ROLE: ADVOCACY OR PROGRAM MANAGEMENT

Senator **Exon**. When General Abrahamson was before our committee last week, he had another of his "show and tell" sessions, displaying a lot of hardware items and citing the "fantastic progress" in the SDI program. He gave many of us the impression that miniature space based interceptors are nearly here. Yet the following day, at an SDIO backgrounder for the media, one of the SDI deputies admitted that the flight testing of the new miniature interceptor rockets was at least 8 years downstream. My question to you, General, is whether you see your new role as mainly one of advocacy, or mainly one of program management?

General **Monahan**. The program director has several duties. First of all, he has to lead and he has to manage the program for which he is responsible, whether it be in the development phase or production phase or wherever. Second, he has the responsibility of providing the objective assessment of what it takes technically to do a program, what the risks are. Is it feasible from a technical point of view, business point of view? What is the schedule associated with it, how much does it cost? And he needs to serve that very, very important function. The role of advocate is not a role that a program director should normally pursue.

TESTIFYING BEFORE SENATE

Senator **Exon**. General Monahan, do you agree, if confirmed, to respond to request to appear and testify before any duly constituted committee of the Senate?

General **Monahan**. Of course.

Senator **Exon**. We are adjourned.

[Whereupon, at 3:04 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

[The nomination of Lt. Gen. George L. Monahan, Jr., was reported to the Senate by Senator Nunn on October 13, 1988, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 4, 1988.]

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